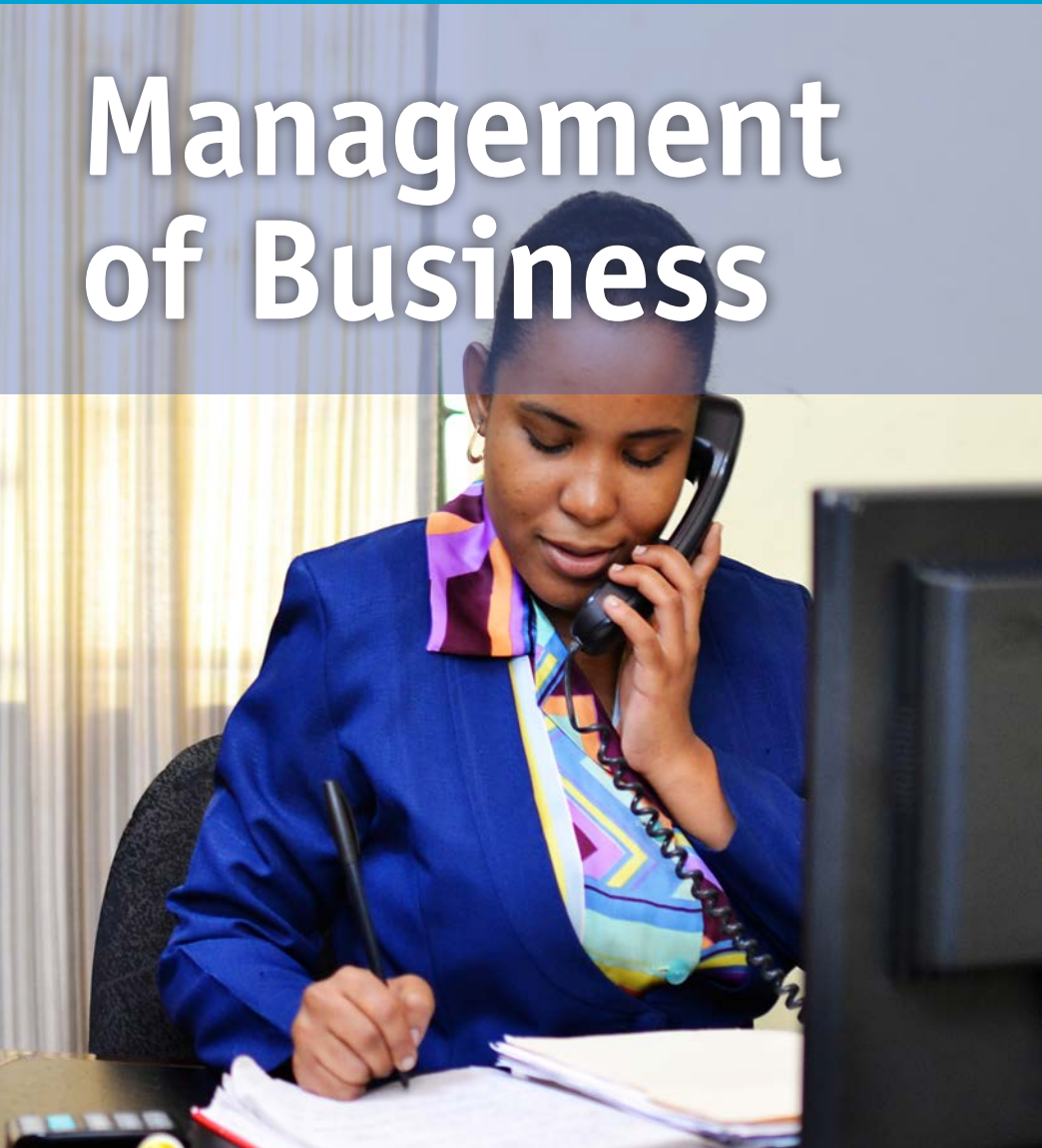




CARIBBEAN EXAMINATIONS COUNCIL

Management of Business



CAPE[®] PAST PAPERS

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CAPE® Management of Business Past Papers

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FORM TP 2005247



TEST CODE **02133020**

MAY/JUNE 2005

**CARIBBEAN EXAMINATIONS COUNCIL
ADVANCED PROFICIENCY EXAMINATION**

MANAGEMENT OF BUSINESS

UNIT 1 – PAPER 02

2½ hours

06 JUNE 2005 (p.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **THREE** sections.
2. Each section consists of **TWO** questions.
3. Candidates **MUST** answer **ONE** question from EACH section.
4. Each question is worth a total of **25 marks**.
5. The overall total for Paper 02 is **75 marks**.

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SECTION A

MODULE 1: BUSINESS AND ITS ENVIRONMENT

Answer ONE question from this section.

1. (a) The rational decision-making process can be summarized into five steps. Identify those steps. [5 marks]
- (b) Ms Butcher owns a computer store located in Bishop City, Flamingo Island. The store is four years old. Sales increased over the first two years but sharp decreases have been experienced over the last two years. The stock turnover has declined from 5 times in the first year to 0.95 times in the last year. For several months in the last year her overdraft has exceeded the \$10,000 limit and the bank manager has indicated that she must bring the overdraft down to the allowable limit in three months.
- Explain how Ms Butcher may use the rational decision-making process outlined in (a) above, to solve the problem being faced by the store. [20 marks]

Total 25 marks

2. Ms Smart is planning to start an auto parts business. Ms Wise has advised her that she should first establish the business objectives.
- (a) Outline THREE objectives that Ms Smart's Auto Business should aim to achieve. [10 marks]
- (b) Discuss THREE reasons why it is necessary for companies to establish and periodically review their objectives. [15 marks]

Total 25 marks

SECTION B

MODULE 2: MANAGEMENT OF PEOPLE

Answer ONE question from this section.

3. (a) Explain briefly TWO reasons why subordinates in an organisation might resist change. [4 marks]
- (b) Discuss FIVE approaches that managers can use to increase the likelihood that workers will co-operate with a proposed change. [21 marks]
- Total 25 marks**
4. (a) (i) Identify FOUR factors which can influence effective teamwork. [4 marks]
- (ii) Explain how EACH of the factors identified in (a) (i) above may affect effective teamwork. [12 marks]
- (b) Evaluate THREE benefits of using a team approach. [9 marks]

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION C

MODULE 3: BUSINESS FINANCE AND ACCOUNTING

Answer ONE question from this section.

5. Following is the condensed Balance Sheet of Carib Entertainment, a sole proprietorship, for the year ending 30 June 2002:

Fixed Assets		18,000
Stock	6,400	
Debtors	3,800	
Bank	1,680	11,880
		<u>29,880</u>
Capital		20,000
Net Profit		4,500
		<u>24,500</u>
Drawings		1,220
		<u>23,280</u>
Loans		2,000
Creditors		4,600
		<u>29,880</u>

Sales for the year amounted to \$50,000 and cost of sales \$32,000. Compute the following ratios and explain what EACH ONE indicates about the performance of the company between 2002 and the previous year. The ratios for the previous year (2001) are shown in brackets.

N.B. Average capital is used to compute the Return on Capital Employed ratio.

- (a) Net Profit Margin (12.5%)
- (b) Mark Up (60%)
- (c) Current Ratio (2.1)
- (d) Acid Test Ratio (0.98 : 1)
- (e) Return on Capital Employed (18%)

[25 marks]

Total 25 marks

6. A company is considering investing in one of three projects, A, B or C. The initial cost and net cash inflows from EACH project are shown below. The company has the option of borrowing the amount to cover the cost of either project at 9% interest per annum.

Cash Flow	Project A	Project B	Project C
(Initial Cost)	43,500	42,000	40,000
1	8,400	10,100	9,640
2	8,820	10,605	10,122
3	9,702	11,666	11,134
4	10,187	12,249	11,691
5	11,715	14,086	13,445

Discount factors at 9% per annum:

Year	Factor	Year	Factor
1	0.917	4	0.708
2	0.842	5	0.650
3	0.772		

- (a) Compute the Net Present Value of EACH project. [18 marks]
- (b) On the basis of the Net Present Value criterion, in which project should the company invest? Give ONE reason for your answer. [3 marks]
- (c) Outline ONE advantage and ONE disadvantage of the Net Present Value criterion compared to the Payback Period. [4 marks]

Total 25 marks

END OF TEST

FORM TP 2005248



TEST CODE **02133032**

MAY/JUNE 2005

CARIBBEAN EXAMINATIONS COUNCIL
ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 1 – PAPER 03/2

1½ hours

03 JUNE 2005 (p.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **ONE** case study incorporating all three Modules of the Unit.
2. The case study comprises **THREE** questions, **ONE** from each Module.
3. Candidates **MUST** answer **ALL** questions.
4. Each question carries a total of **20 marks**.
5. The overall total for Paper 03/2 is **60 marks**.

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02133032/CAPE 2005

CASE STUDY

Diners – Jerk Chicken

Mr Diner had been employed as a cook in a family restaurant in Lilly Valley for ten years. The restaurant, Carib-Jerk, was one of the first of its kind in Lilly Valley. It specialises in a Caribbean cuisine offering a special “Jerk-Chicken” dish flavoured with a mix of spicy Caribbean seasoning. Its clientele was a mixture of local residents, tourists, and employees from the nearby commercial complex. Over a ten year period the owners of the business became very wealthy indeed.

Mr Diner, inspired by how well the business was doing, started looking around for a suitable place to locate a Jerk-Restaurant of his own. After searching for two months, he decided that Matchville, a small town approximately five miles from Lilly Valley would be an ideal location for the following reasons:

- Matchville has no restaurant which offered this unique type of cuisine
- Unemployment was relatively low in the town
- Tourists visited the area regularly mainly because of an ancient museum situated there
- A busy commercial as well as industrial complex was situated there.

Mr Diner leased a shop on Easy Street, one of the busy streets in Matchville. He took out a five year lease, paying \$240,000 yearly, spent a further \$100,000 converting the premises into a restaurant, and bought \$150,000 worth of furniture and equipment. Two weeks before the opening, Mr Diner placed some advertisements in the local newspaper. He installed a wonderful sign that lights up in the nights, with the name “Diners-Jerk”, offering the same cuisine as that of Carib-Jerk.

After six months of operation, Mr Diner was deeply concerned. He had a large clientele, but customers were complaining about the service. They had to wait a long time for the meals to be prepared as well as served. In addition, the dining area was too small, and customers always complained about this. Once Mr Diner had done up a proposal for an expansion and had asked an advertising agency for a quotation on the cost of an advertising campaign. To date, he has not had a chance to look at the figures quoted. After sitting and reviewing his books, Mr Diner realised that the income generated by the business was just sufficient to cover his running costs. He knew that he had to do something quickly. He is now considering several options. These include:

- Possible expansion – and where to seek the finance for such a project
- Whether to join up with two other family members and go into a partnership or a limited liability company – to share the responsibility and decision-making
- Whether to launch the new advertising campaign if he chooses to expand.

GO ON TO THE NEXT PAGE

1. (a) What type of business activity would Carib-Jerk and Diners-Jerk fall into? Give ONE reason for your answer. [2 marks]
- (b) Identify TWO ways in which the location has impacted positively on Mr Diner's business. [2 marks]
- (c) Explain briefly ONE negative impact the location may have on Mr Diner's business. [2 marks]
- (d) Suggest TWO advantages Mr Diner would enjoy by converting his business into a private limited company rather than a partnership. [2 marks]
- (e) If Mr Diner is considering expanding operations then he may have to decide between launching a new advertising campaign or continuing with the existing one. The costs associated with these alternatives are:

Profit/Loss

	Cost	If successful	If unsuccessful
Launching new advertising campaign	\$50,000	\$150,000	\$12,000
Continuing old advertising campaign	\$45,000	\$200,000	\$(20,000)

Market research information suggests that there is a 60% chance that the new advertising campaign will be successful and a 50% chance that if the old campaign is retained, it will be successful.

Required:

- (i) Draw a decision tree of the options faced by Mr Diner. [7 marks]
- (ii) State which alternative the firm should choose, and give ONE reason for your answer. [2 marks]
- (iii) State TWO advantages and ONE disadvantage of using decision trees. [3 marks]

Total 20 marks

2. Explain how an application of the following FOUR functions of management would help Mr Diner to run his business more efficiently.

- (a) Planning
- (b) Organizing
- (c) Leading
- (d) Controlling.

[20 marks]

Total 20 marks

3. (a) Suggest THREE criteria that Mr Diner has to bear in mind when selecting a source of external financing to expand his business. [6 marks]

(b) Explain to Mr Diner, how the following financial and accounting ratios can be used to analyze the performance of a business.

- Profitability [5 marks]
- Liquidity [5 marks]
- Return on Capital Employed. [4 marks]

Total 20 marks

END OF TEST

FORM TP 2005251



TEST CODE **02233032**

MAY/JUNE 2005

CARIBBEAN EXAMINATIONS COUNCIL
ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 2 – PAPER 03/2

1½ hours

01 JUNE 2005 (a.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **ONE** case study incorporating all three Modules of the Unit.
2. The case study comprises **THREE** questions, **ONE** from each Module.
3. Candidates **MUST** answer **ALL** questions.
4. Each question carries a total of **20 marks**.
5. The overall total for Paper 03/2 is **60 marks**.

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CASE STUDY

Steve's Electronics Repair

"So how is the little business coming along?"

Keith put this question to his friend Steve when they met three months after a telephone conversation. He was referring to Steve's idea of starting a small business involved in repairing small electric appliances such as toasters, kettles, radios and dryers.

Steve had completed a two-year electronics course at the Sir Leslie Vaughn Polytechnic and had worked for six months with a popular appliance dealer in Prince Leo Street. After a month or two, the volume of repairs slowed to a trickle and Steve grew bored with the job. He decided to quit and work for himself. Thus was born the idea of a repair service to be run from home – **Steve's Electronics Repair**.

"Not too good man," replied Steve. "Not seeing any business".

"Really?" said Keith lightly.

Keith had cautioned his friend to think about leaving the job and setting up the business. It was really Steve's first job and Keith felt that Steve was not "ready" to get into business. With a loan from a friend, Steve had bought some used equipment and old stock from another electronics repairman who was closing down his business. He had also printed some business cards and distributed them to his many friends. Steve, who lived in Freefall, had also erected a small sign on the side of the house with the name and telephone number of the business. Freefall was a small depressed remote village of some fifteen houses, 12 miles away from the nearest town where he had worked.

"Man, about six people in the last month left appliances here and I fixed them. When I called them and asked them to pick them up, they say they had bought new ones and weren't bothering with the repairs anymore".

"So did you get your money?"

"No man," replied Steve with some exasperation; "I borrowed some money from a friend and I promised to pay him back in about six months. It doesn't look as though I am going to be able to pay him back in six years!"

"Maybe things will pick up later . . ." Keith was trying to console his friend.

"Yeah, right; When I started, a lot of people would call and ask about the charges for repairs but after I told them they would somehow lose interest. Not only that, but a lot of them kept bringing back the appliances after I repaired them and told me they won't work."

What Steve did not tell Keith was that a customer had called complaining that she had gone to another repair shop and was told that her appliance was not working because of the outdated parts used in the repairs. She demanded a refund but Steve had refused.

GO ON TO THE NEXT PAGE

“Did you check to see what other people were charging?” asked Keith, avoiding the last point made by Steve.

“Not really, I’m just going to forget it and look for a job.”

1. Explain the importance of the following in the success of a new venture and assess the impact of EACH on the performance operations of Steve’s Electronics Repair:

- (a) Demand
- (b) Location
- (c) Technology
- (d) Quality control.

[20 marks]

Total 20 marks

2. Critically assess the role of the following marketing principles on the performance of Steve’s Electronics Repair:

- (a) Marketing research
- (b) Promotion.

[20 marks]

Total 20 marks

3. Outline FOUR characteristics of entrepreneurs and critically assess the behaviour of Steve in terms of EACH of these characteristics in relation to his venture.

[20 marks]

Total 20 marks

END OF TEST

FORM TP 2006251



TEST CODE **02133010**

MAY/JUNE 2006

CARIBBEAN EXAMINATIONS COUNCIL

ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 1 – PAPER 01

1½ hours

16 MAY 2006 (p.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **FIFTEEN** questions.
2. Candidates **MUST** answer **ALL** questions.
3. Each Module is worth a total of **20 marks**.
4. The overall total for Paper 01 is **60 marks**.

SECTION A

MODULE 1

BUSINESS AND ITS ENVIRONMENT

Answer ALL questions in this section.

1. Mary and six of her friends are planning to start a Limited Liability Company.
 - (a) Identify the TWO MAIN documents which Mary and her team must provide before the company can be registered. [2 marks]
 - (b) Outline ONE MAIN difference between the two documents identified in (a) above. [2 marks]

2. Gems Fashion has been in the business of women's clothing for 8 years. Over the last four years the business had not achieved its objective of \$8 000 net profit weekly.
Suggest TWO reasons why Gems Fashion may need to change its objective. [4 marks]

3. Outline TWO advantages that a small business may enjoy over a large business. [4 marks]

4. Explain ONE way in which Trade Liberalization may impact on EACH of the following:
 - (i) Caribbean businesses [2 marks]
 - (ii) Caribbean consumers [2 marks]

5. (a) Define "Break-Even Point". [2 marks]
(b) Outline ONE limitation of using Break-Even Analysis as a decision-making tool. [2 marks]

Total 20 marks

SECTION B

MODULE 2

MANAGEMENT OF PEOPLE

Answer ALL questions in this section.

6. (a) Outline ONE contribution of Scientific Management to the efficient running of an organization. [2 marks]
- (b) State ONE criticism of Taylor's Scientific Management Theory. [2 marks]
7. John Brillante has been recently appointed the manager of ABC Co. Ltd., a furniture manufacturing business.
- Describe ONE specific activity that John should perform as a manager under EACH of the following functions:
- (i) Planning [2 marks]
- (ii) Organizing [2 marks]
8. Jane Dowell, manager of Do-It-Rite Corporation, mentioned in a recent meeting with her employees that she will be using job-enrichment and job-enlargement as methods of improving productivity and job satisfaction.
- (a) Briefly explain what is meant by job-enlargement. [2 marks]
- (b) Outline ONE way in which job-enrichment can improve job satisfaction. [2 marks]
9. Outline TWO conditions for which EACH of the following training programmes is best suited:
- (a) Internally based [2 marks]
- (b) Externally based [2 marks]
10. (a) Define the term "matrix organizational structure". [2 marks]
- (b) The workers of XYZ Co. Ltd. have been complaining that the manager does not involve them in the decision-making process; he enjoys giving orders and believes his leadership style is best suited for the organization.
- (i) Identify the leadership style described in the above scenario. [1 mark]
- (ii) State ONE disadvantage of using the leadership style identified in 10 (b) (i) above. [1 mark]

Total 20 marks

GO ON TO THE NEXT PAGE

SECTION C

MODULE 3

BUSINESS FINANCE AND ACCOUNTING

Answer ALL questions in this section.

- 11.** (a) State ONE difference between equity capital and working capital. [2 marks]
- (b) A company has working capital of \$28 000 and current liabilities of \$17 500. Compute its current assets. [2 marks]
- 12.** (a) Outline ONE difference between a commercial bank and a development bank. [2 marks]
- (b) State ONE reason why creditors would be interested in the Balance Sheet of a business. [2 marks]
- 13.** (a) A company whose financial year ends September 30, has contracted to pay rent of \$840 per month. For the year ending September 30, 2005 the company paid \$9 660.
- State whether the rent is accrued or prepaid for the year and indicate the amount of the accrual or prepayment. [2 marks]
- (b) A manager requested an analysis of the Internal Rate of Return (IRR) of three projects A, B and C. The results were 10%, 8% and 9% respectively. The manager concluded that project B is the most desirable project to undertake because of the size of its IRR.
- State whether the manager's conclusion is correct and give a reason for your answer based on the IRR. [3 marks]
- 14.** (a) Define the term 'cash budget'. [1 mark]
- (b) The acid test ratio of a firm moved from 3:1 in 1999 to 2:1 in 2000.
- Explain what the change in the ratio implies about the liquidity of the firm in 2000. [2 marks]
- 15.** Sonia bought a stapling machine for \$15. The machine was expected to last 10 years. Sonia debited the purchase to the equipment account. Sonia's accountant explained to her that her action was a violation of a basic accounting concept.
- (a) Identify the accounting concept that has been violated. [1 mark]
- (b) Outline the correct procedure Sonia should have followed and why she should have done so. [3 marks]

Total 20 marks

END OF TEST



TEST CODE **02133020**

MAY/JUNE 2006

FORM TP 2006252

CARIBBEAN EXAMINATIONS COUNCIL

ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 1 – PAPER 02

2½ hours

01 JUNE 2006 (a.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **THREE** sections.
2. Each section consists of **TWO** questions.
3. Candidates **MUST** answer **ONE** question from EACH section.
4. Each question is worth a total of **25 marks**.
5. The overall total for Paper 02 is **75 marks**.

SECTION A

MODULE 1

BUSINESS AND ITS ENVIRONMENT

Answer ONE question from this section.

1. (a) Define globalization. [3 marks]
- (b) Outline THREE factors which have contributed to the growth of globalization. [6 marks]
- (c) Discuss, giving suitable examples, FOUR ways in which globalization may impact on organizations operating within the Caribbean Business Environment. [16 marks]

Total 25 marks

2. John, the Production Manager of Carib Incorporated, has an option of locating his firm's production plant in Moonlight Island or Sunny Isle. He is provided with the following data on both countries.

Moonlight Island

Level of Demand	Probability	\$000
High	.4	80
Medium	.4	40
Low	.2	-20

Sunny Isle

Level of Demand	Probability	\$000
High	.4	60
Medium	.4	40
Low	.2	30

- (a) (i) Draw a Decision Tree to illustrate the above scenario. [9 marks]
- (ii) Calculate the expected value for:
- (a) Moonlight Island
- (b) Sunny Isle [4 marks]
- (iii) Recommend to John, the country in which he should locate the production plant, and why. [2 marks]

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- (b) Apart from the decision tree, John has been informed that the Critical Path Analysis (CPA), a Network Analysis Technique, can also be used as a decision-making tool.
- (i) Define "Network Analysis". [2 marks]
 - (ii) Outline TWO advantages and TWO disadvantages of using the Critical Path Analysis as a decision-making tool. [8 marks]

Total 25 marks

SECTION B

MODULE 2

MANAGEMENT OF PEOPLE

Answer ONE question from this section.

3. Many organizations suffer from poor communication.
- (a) Discuss THREE principal barriers to good communication in an organization. [9 marks]
 - (b) Explain ONE way in which EACH barrier discussed in (a) above might be overcome. [6 marks]
 - (c) Describe TWO important features of:
 - (i) The Formal Communication Network [4 marks]
 - (ii) The Informal Communication Network. [4 marks]
 - (d) Outline TWO advantages of face-to-face communication over written communication. [2 marks]

Total 25 marks

4. Change is a crucial element in an organization's ability to survive and grow.
- (a) Discuss FOUR reasons why people resist change. [12 marks]
 - (b) Discuss FOUR conditions which are necessary for change to be successfully implemented. [13 marks]

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION C

MODULE 3

BUSINESS FINANCE AND ACCOUNTING

Answer ONE question from this section.

5. A company has three projects, A, B and C which it is considering for investment. Since funds are scarce, the company can only invest in one project. The initial investment in the projects and the expected cash flows are shown below. The interest rate facing the company is 11% p.a.

	A	B	C
	\$	\$	\$
Initial outlay	9 200	18 300	26 000
	Cash Flows		
Year 1	2 500	5 100	3 200
Year 2	3 100	5 200	7 500
Year 3	3 100	5 600	8 125
Year 4	3 200	5 700	9 450
Year 5	3 800	5 775	10 200

Present value of \$1 received at the end of a number of years at 11% is as follows

Year	1	2	3	4	5
PV of \$1	0.901	0.812	0.731	0.659	0.593

- (a) Compute the Net Present Value (NPV) of EACH project using a discount rate of 11%. [18 marks]
- (b) Based on the NPV, determine which project the company should invest in and justify your recommendation. [4 marks]
- (c) Compare the implication of the NPV of project B and project C. [3 marks]

Total 25 marks

GO ON TO THE NEXT PAGE

6. (a) Distinguish between an operational budget and a capital budget and give an example of EACH. [4 marks]
- (b) L. Carter is a wholesaler whose financial year ends in March. His balance sheet at March 31, 2005 and as well as additional information are shown below.

Prepare a Cash Budget in columnar (tabular) form in as much detail as possible for the months of April and May 2005. Round all final figures to the nearest whole number.

	\$		\$
Fixed Assets at cost	40 000	Ordinary Share Capital	30 000
Accumulated Depreciation	2 400	Creditors	27 300
	37 600	Accrued Expenses	4 150
Stock	6 000		
Debtors	9 450		
Bank	8 400		
	23 850		
	61 450		61 450

NOTES

- (i) Budgeted sales (in units) are as follows:-
- | | |
|-------|-------|
| March | 900 |
| April | 1 000 |
| May | 1 500 |
| June | 1 200 |
- (ii) Each unit sells at \$42.
- (iii) All sales are made on credit. 75% of goods sold on credit is collected in the month of the sale and 25% in the month following.
- (iv) Budgeted purchases are as follows:-
- | | |
|-------|-------------|
| April | 1 100 units |
| May | 1 440 units |
| June | 1 280 units |
- (v) The purchase price of each unit is \$30 and goods bought are paid for in the same month of the purchase.
- (vi) Accrued expenses consist of rent owing for the months February and March (\$3 000) and utilities for the month of March.
- (vii) Accrued rent is to be paid in April; rent for the current quarter is to be paid in each month as it becomes due.
- (viii) Utilities are paid one month in arrears. Utility expenses are as follows:- April \$1 240; May \$1 300 and June \$1 400. [21 marks]

Total 25 marks

END OF TEST

FORM TP 2006253



TEST CODE **02133032**

MAY/JUNE 2006

CARIBBEAN EXAMINATIONS COUNCIL

ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 1 – PAPER 03/2

1½ hours

16 MAY 2006 (p.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **ONE** case study incorporating all three Modules of the Unit.
2. The case study comprises **THREE** questions, **ONE** from each Module.
3. Candidates **MUST** answer **ALL** questions.
4. Each question carries a total of **20 marks**.
5. The overall total for Paper 03/2 is **60 marks**.

CASE STUDY

BUILDWELL ENTERPRISE

In 1999 Jason Buildwell and his brother Tim went into partnership as building contractors. They named the firm Buildwell Enterprise. Jason had recently been made redundant and was able to invest \$100 000 in the business. The maximum amount Tim could contribute to the investment was \$50 000. Jason insisted that they should have a Deed of Partnership drawn up.

The business did well, specializing in construction and renovation work in private houses and provided both men with a comfortable living for their family. However, in 2002 they were invited to tender for a contract which they estimated to be worth one million dollars. (\$1 000 000). Jason was reluctant to get involved; Tim was enthusiastic.

“Look Jason, we can go on as we are or we can start to grow. This is our big chance,” said Tim.

Jason shook his head. “It is not as easy as that, brother. We would have to employ more people with the required skills to do the fancy tiling job, the exterior finish, and the decorative ceiling required by this client, and this type of skilled labour is not readily available. In addition, we do not have the type of high-tech equipment required to do the job.”

“Let us call a meeting with the employees, and get their input before making a decision,” replied Tim. “You are crazy,” said Jason. “Our present staff dislike work, must be coerced, controlled, directed, or threatened with punishment to get them to put forth adequate effort towards the achievement of organizational objectives, so I think we would be wasting our time.”

Tim shrugged. When it came to taking risks Jason was always the cautious one. He needed careful handling.

“Well, while you are thinking about it, let us examine our accounting records to assess our performance over this trading period. If we are going to accept this contract we need to look at sources of finance.” “Remember brother, we can’t leave this too long, the tender has to be in two months from now.”

1. (a) Explain the term “Deed of Partnership”. [2 marks]
- (b) List THREE important components of a Partnership Deed. [3 marks]
- (c) Explain THREE reasons why it was sensible for the Buildwells to have a Deed of Partnership drawn up. [6 marks]
- (d) Name the type of economic activity in which the Buildwells are engaged. [1 mark]
- (e) Explain TWO negative impacts that EACH of the following could have on Buildwell Enterprise:
 - (i) Human resource constraints [4 marks]
 - (ii) Technological constraints. [4 marks]

Total 20 marks

GO ON TO THE NEXT PAGE

2. (a) Using supportive evidence from the case study, identify the leadership style that is best associated with
- (i) Jason [2 marks]
 - (ii) Tim [2 marks]
- (b) (i) State THREE assumptions associated with McGregor's Theory X. [3 marks]
- (ii) Outline TWO implications that McGregor's Theory X has for managers such as Jason. [4 marks]
- (c) Discuss THREE benefits that Jason could achieve if he decides to use a more team-oriented approach in the decision-making process of the firm. [9 marks]

Total 20 marks

3. (a) State THREE reasons why it is important for the Buildwells to keep good accounting records. [6 marks]
- (b) Identify TWO possible sources of finance that the Buildwells could consider for the project. [2 marks]
- (c) (i) Identify THREE criteria the Buildwells should use when choosing a source of finance for the project. [3 marks]
- (ii) Explain how EACH of the criteria identified in (c) (i) above can be used in choosing the source of finance. [9 marks]

Total 20 marks

END OF TEST

FORM TP 2006254



TEST CODE **02233010**

MAY/JUNE 2006

CARIBBEAN EXAMINATIONS COUNCIL
ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 2 – PAPER 01

1½ hours

30 MAY 2006 (a.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **FIFTEEN** questions.
2. Candidates **MUST** answer **ALL** questions.
3. Each Module is worth a total of **20 marks**.
4. The overall total for Paper 01 is **60 marks**.

SECTION A

MODULE 1

PRODUCTION AND OPERATIONS MANAGEMENT

Answer ALL questions in this section.

1. Define the term “seasonal demand” and give ONE example of a product or service with seasonal demand. [3 marks]

2. (a) State TWO factors that affect the “supply of labour”. [2 marks]
(b) Explain how ONE of the factors stated in (a) above can impact on the location of a business. [2 marks]

3. (a) Explain what is meant by “outsourcing”. [1 mark]
(b) State ONE way in which outsourcing components can improve product quality. [2 marks]
(c) Define ‘process layout’. [2 marks]

4. Inventory management is a key factor in production and operations management.
(a) State TWO advantages of good inventory management. [2 marks]
(b) Outline ONE way in which price competition can influence a firm’s productivity. [2 marks]

5. Joe and Trevor produce customized speakers for stereo systems. Both of them are concerned about the quality of their product. Joe is concerned about the appearance of the speakers but Trevor is more concerned about how long the speakers will last.
(a) Identify the dimension of product quality that describes
(i) Joe’s concern [1 mark]
(ii) Trevor’s concern [1 mark]
(b) Outline ONE way in which customers can influence the quality of the speakers that Joe and Trevor produce. [2 marks]

Total 20 marks

GO ON TO THE NEXT PAGE

SECTION B

MODULE 2

FUNDAMENTALS OF MARKETING

Answer ALL questions in this section.

6. (a) Define "market" as it relates to economics. [1 mark]
- (b) The first implication of the marketing concept is to make a profit. TRUE or FALSE?
Explain briefly. [3 marks]
7. A manufacturer has decided to launch a new brand of detergent by using 'price skimming' instead of penetration pricing.
- Explain what is meant by:
- (a) Price skimming [2 marks]
- (b) Penetration pricing [2 marks]
8. (a) Give ONE example of EACH of the following roles of marketing
- (i) Social
- (ii) Organizational [2 marks]
- (b) Outline ONE way in which intermediaries are important to manufacturers in a distribution system. [2 marks]
9. (a) Describe ONE characteristic of legal services which makes them more difficult to market than goods. [2 marks]
- (b) State TWO advantages of a trade mark. [2 marks]
10. Jane, who attends Caribbean Management College, has recently been exposed to the importance of data collection in marketing research as well as promotion and distribution strategies.
- (a) State ONE advantage of secondary data over primary data. [2 marks]
- (b) State ONE reason why firms use the press release as a form of promotion. [2 marks]

Total 20 marks

GO ON TO THE NEXT PAGE

SECTION C

MODULE 3

SMALL BUSINESS MANAGEMENT

Answer ALL questions in this section.

- 11.** In order for a business plan to be effective, it should be updated on a yearly basis at a minimum. Outline TWO advantages that this practice would help the business persons to achieve. [4 marks]

The following scenario relates to Questions 12, 13 and 14

Mr. Opportunity has decided that it is time for him to own a business. However, he is undecided as to whether he should buy an existing business or start a new one.

- 12.** Outline ONE advantage and ONE disadvantage that Mr. Opportunity may experience if he decides to buy an existing business instead of starting a new one. [4 marks]
- 13.** (a) Identify ONE piece of information that would influence Mr. Opportunity's decision to buy an existing business. [1 mark]
- (b) Outline ONE advantage that Mr. Opportunity would enjoy if he decides to start a new business as a Private Limited Company rather than a Partnership. [2 marks]
- 14.** List THREE factors Mr. Opportunity has to consider when sourcing finance for his business. [3 marks]
- 15.** Outline ONE way in which EACH of the following factors may affect a small business specializing in food:
- (a) Market demand [2 marks]
- (b) Regulations and legislation [2 marks]
- (c) Supply of raw materials [2 marks]

Total 20 marks

END OF TEST

FORM TP 2006255



TEST CODE **02233020**

MAY/JUNE 2006

CARIBBEAN EXAMINATIONS COUNCIL
ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 2 – PAPER 02

2½ hours

05 JUNE 2006 (p.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **THREE** sections.
2. Each section consists of **TWO** questions.
3. Candidates **MUST** answer **ONE** question from EACH section.
4. Each question is worth a total of **25 marks**.
5. The overall total for Paper 02 is **75 marks**.

SECTION A

MODULE 1

PRODUCTION AND OPERATIONS MANAGEMENT

Answer ONE question from this section.

1. Huckleberry Processing Inc. is a two-year old company which produces lamb for the local market in Blackberry Isle. The Production Manager, Mr. Knowles, has noticed a shortage of carcasses on several occasions and has decided to institute a system of forecasting to overcome the problem. He wants to know which of the two methods of forecasting: least squares regression or consumer surveys is more appropriate.
- (a) Identify the **FOUR MAIN** steps involved in customer surveys and explain how Mr. Huckleberry may use these to develop a system for forecasting for his business. **[12 marks]**
 - (b) Explain **TWO** strengths and **TWO** weaknesses of customer surveys compared to least squares regression as methods of forecasting. **[8 marks]**
 - (c) Recommend and justify a forecasting method to Mr. Knowles. **[5 marks]**
- Total 25 marks**
2. (a) Productivity and Total Quality Management (TQM) appear to be closely related concepts. With the aid of an example, distinguish between the **TWO** concepts and explain briefly how they are related. **[6 marks]**
- (b) Discuss **ONE** way in which **EACH** of the following factors may impact on the level of productivity and TQM in a large cement plant:
- (i) Supervisory skills
 - (ii) Labour-management relations
 - (iii) Continuous employee training **[19 marks]**

Total 25 marks

SECTION B

MODULE 2

FUNDAMENTALS OF MARKETING

Answer ONE question from this section.

3. (a) Define the term "segmentation". [2 marks]

(b) State THREE benefits of segmentation. [3 marks]

Carib Flavors is developing the marketing strategy for a new drink called **Orbit**, a non-alcoholic, glucose-based energy drink containing ginseng. Management believes that the market for this drink can be segmented in terms of demographics and psychographics for better targeting.

(c) Select, explain and justify how TWO demographic and TWO psychographic variables may be used to segment the market for this new drink. [20 marks]

Total 25 marks

4. Regional Seminars Inc. is a small event management company in the process of developing several new workshops in personal development for the general public. Management has decided to conduct a survey to answer the question: *Would a sufficient number of persons patronize the workshops?* Management is trying to decide whether to use probability or non-probability sampling to select respondents for the survey. Since it has six weeks to do this research and a limited budget, the company has narrowed the choices down to systematic random sampling and convenience sampling.

(a) Define the term "sampling" and distinguish between "probability sampling" and "non-probability sampling." [6 marks]

(b) Define the terms "convenience sampling" and "systematic random sampling" and explain how EACH might be used to select respondents. [12 marks]

(c) Indicate which of the two types of sampling in (b) above management should use and justify your answer. [7 marks]

Total 25 marks

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SECTION C

MODULE 3

SMALL BUSINESS MANAGEMENT

Answer ONE question from this section.

5. Eric has been a well-respected chef for some years and now wishes to set up a small business.
- (a) Identify FIVE factors that Eric must consider if his business is to succeed. [5 marks]
- (b) Discuss the impact of EACH of the factors identified in 5 (a) above on the success of Eric's business. [20 marks]
- Total 25 marks**
6. (a) Discuss TWO main contributions of small businesses to the development of your country's economy. [10 marks]
- (b) (i) Discuss THREE difficulties faced by small business in the Caribbean.
- (ii) Suggest ONE way in which EACH difficulty identified in 6 (b) (i) above may be overcome. [15 marks]

Total 25 marks

END OF TEST

FORM TP 2006256



TEST CODE **02233032**

MAY/JUNE 2006

CARIBBEAN EXAMINATIONS COUNCIL

ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 2 – PAPER 03/2

1½ hours

30 MAY 2006 (a.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **ONE** case study incorporating all three Modules of the Unit.
2. The case study comprises **THREE** questions, **ONE** from each Module.
3. Candidates **MUST** answer **ALL** questions.
4. Each question carries a total of **20 marks**.
5. The overall total for Paper 03/2 is **60 marks**.

CASE STUDY

Casing *The Joint*

Tony is considering buying a restaurant, *The Joint* from Vincent, who has been in the business for eight years. The business is located on the busy corner of Virgin Road and Lotus Street in the densely populated urban district of Harewood in the parish of St. Mary. This district boasts some 62 businesses with a total of 712 employees in a two-square mile area, in addition to some 2 900 households.

Recently, the area has been affected by a spate of burglaries and one business was vandalized. One year ago, the Social Reengineering Project (SRP) began a series of community meetings designed to uncover the reasons for the spurt in crime. Partly as a result of this, the local Town Council announced redevelopment plans for Harewood. The plans include the erection of small business kiosks and a police sub-station.

Vincent is asking \$90 000 for *The Joint*. Tony applied to the Small Business Venture Fund (SBVF) for finance to purchase the business. He was informed that he must be prepared to register the new business as a limited company prior to receiving assistance. In addition, he must produce a business plan for the venture. The SBVF requires that all business plans contain a three-year sales forecast.

There are four other restaurants in the Virgin Road area on average, about 200 yards apart:- Tastemasters, Boychilds, Pavlov's and Crispy Fried Chicken (CFC). With the possible exception of CFC, they all offer the standard menu of fried chicken, peas and rice, salads, carbonated drinks and fruit juices. However, Boychilds, also offers jerk pork and curried lamb. *The Joint* offers a free delivery service to businesses within the Harewood area during weekdays.

Tony, who is 33 years old, has never owned a business before and has no real management training. He is currently employed as an assistant chef at a Burger Queen restaurant in St. Bernard City, ten miles away. Despite this, he sees the potential to develop new products and enhance the customer service of *The Joint*. In his first meeting with Vincent, he learnt that *The Joint* has never done any media advertising since its opening eight years ago, but relies primarily on its signage and yellow pages listing.

1. (a) Select TWO criteria for determining location and use them to assess the overall attractiveness of the location of *The Joint*. [12 marks]
- (b) Describe ONE technique which Tony might find feasible to employ in developing a forecast for *The Joint* and explain how it might be used. [8 marks]

Total 20 marks

2. (a) (i) Identify TWO segments into which the market for *The Joint* can be divided. [2 marks]
- (ii) Outline THREE ways in which the buying behaviour of the segments identified in 2 (a) (i) above would differ. [6 marks]
- (b) (i) Identify THREE criteria that may be used to assess competition in the restaurant business. [3 marks]
- (ii) Use EACH criterion identified in (b) (i) above to assess the restaurant business in Harewood. [9 marks]

Total 20 marks

GO ON TO THE NEXT PAGE

3. (a) (i) Identify THREE internal criteria that Tony should use in assessing the viability of *The Joint*. [3 marks]
- (ii) Select ONE criterion from 3 (a) (i) above and outline how the information on that criterion may be obtained. [2 marks]
- (iii) Briefly explain why EACH criterion identified in 3 (a) (i) is important. [6 marks]
- (b) (i) Identify THREE important managerial skills which Tony must acquire in order for his business to succeed. [3 marks]
- (ii) Explain why EACH skill identified in 3 (b) (i) above is important to the success of Tony's business. [6 marks]

Total 20 marks

END OF TEST



TEST CODE **02133020**

MAY/JUNE 2008

FORM TP 2008234

CARIBBEAN EXAMINATIONS COUNCIL
ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 1 – PAPER 02

2½ hours

29 MAY 2008 (a.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **THREE** sections.
2. Each section consists of **TWO** questions.
3. Candidates **MUST** answer **ONE** question from EACH section.
4. Each question is worth a total of **25 marks**.
5. The overall total for Paper 02 is **75 marks**.

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02133020/CAPE 2008

SECTION A

MODULE 1: BUSINESS AND ITS ENVIRONMENT

Answer ONE question from this section.

1. Discuss FOUR positive impacts and FOUR negative impacts that a multinational corporation may have on the host country. [25 marks]

Total 25 marks

2. (a) Describe the following steps in the Rational Decision Making Process:

- (i) Defining the problem
- (ii) Collecting data
- (iii) Developing alternatives
- (iv) Analyzing the alternatives
- (v) Selecting and implementing the alternatives
- (vi) Evaluating results

[12 marks]

- (b) Mr. Technil, the purchasing manager of a large hardware firm, is thinking about purchasing four new computers for his department.

Explain how Mr. Technil can use EACH step outlined in (a) above in deciding which computers to purchase. [13 marks]

Total 25 marks

SECTION B

MODULE 2: MANAGEMENT OF PEOPLE

Answer ONE question from this section.

3. (a) Discuss FOUR factors that may influence effective teamwork. [12 marks]
(b) Evaluate THREE benefits of using a team approach in the workplace. [13 marks]

Total 25 marks

4. (a) Define EACH of the following functions of management:

- (i) Planning
- (ii) Organizing
- (iii) Leading
- (iv) Controlling

[8 marks]

- (b) Explain how the application of EACH function of management would help Miss Good-Cook to operate her restaurant business more efficiently. [17 marks]

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION C

MODULE 3: BUSINESS FINANCE AND ACCOUNTING

Answer ONE question from this section.

5. (a) Define the following accounting concepts giving ONE example of EACH:
- (i) Prepayments
 - (ii) Accrued expenses [6 marks]
- (b) Following is a Trial Balance of The Corner Shop as at 30 June 2005 which is the end of its financial period.

Equipment at cost	20 240	
Accumulated Provision for Depreciation: Equipment		8 400
Vehicles at cost	11 500	
Accumulated Provision for Depreciation: Vehicles		4 600
Debtors	15 500	
Less Provision for Doubtful Debts		1 240
Sales		21 200
Cost of Goods Sold	4 350	
Capital		18 640
Rent	2 490	

NOTES

1. Equipment is depreciated at 10% on a reducing balance basis.
2. Vehicles are depreciated at 15% on a straight line basis.
3. Bad debts totalling \$625 are to be written off.
4. Rent owing is \$200.
5. The Provision for Doubtful Debts is to remain at the same proportion to Debtors as in the previous year.

Instructions

- (i) Compute the depreciation expense for equipment. [3 marks]
- (ii) Compute the depreciation expense for vehicles for the year. [2 marks]
- (iii) Compute the Provision for Doubtful Debts for the year. [3 marks]
- (iv) Construct the Trading and Profit and Loss Account, in vertical format, for the year ending 30 June 2005. [11 marks]

Total 25 marks

GO ON TO THE NEXT PAGE

6. Following is the condensed Balance Sheet of Carib Enterprises, a sole proprietorship for the year ending 30 September 2005.

Fixed Assets		20 200
Stock	3 680	
Debtors	8 940	
Bank	2 480	<u>15 100</u>
		<u>35 300</u>
Capital		26 000
Net Profit		4 330
		<u>30 330</u>
Drawings		1 730
		<u>28 600</u>
Loans		2 300
Creditors		<u>4 400</u>
		<u>35 300</u>

Sales for the year amounted to \$47 900, Cost of Sales is \$24 800 and Opening Stock is \$4 600.

- (a) Compute the following ratios:

	<u>2004</u>
(i) Net profit margin	(7%)
(ii) Mark up	(82%)
(iii) Current Ratio	(3.8:1)
(iv) Stock turnover	(4.5 times)
(v) Return on Capital Employed (based on average capital)	(13.5%)

- (b) Explain what EACH ratio indicates about the performance of the company for the TWO years. The ratio for the previous year ending 30 September 2004, is shown in brackets. [25 marks]

Total 25 marks

END OF TEST



TEST CODE **22133020**

MAY/JUNE 2008

FORM TP 2008234

CARIBBEAN EXAMINATIONS COUNCIL
ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 1 – PAPER 02

2½ hours

04 JULY 2008 (a.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **THREE** sections.
2. Each section consists of **TWO** questions.
3. Candidates **MUST** answer **ONE** question from **EACH** section.
4. Each question is worth a total of **25 marks**.
5. The overall total for Paper 02 is **75 marks**.

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22133020/CAPE 2008

SECTION A

MODULE 1: BUSINESS AND ITS ENVIRONMENT

Answer ONE question from this section.

1. In light of recent moves towards trade liberalisation and globalisation, many Caribbean businesses have been forced to adjust their operations in order to remain competitive.
- (a) Identify THREE disadvantages associated with trade liberalisation and outline TWO ways in which EACH disadvantage can negatively affect the operations of Caribbean businesses. [15 marks]
 - (b) Discuss TWO benefits of globalization to Caribbean countries. [6 marks]
 - (c) Justify ONE action that a business can take in order to remain competitive. [4 marks]

Total 25 marks

2. Mr Bakewell is contemplating going into the pizza business. He is unsure as to whether he should form a Private Limited Company, a Partnership or take out a franchise agreement with an already established business.
- (a) Discuss THREE advantages and THREE disadvantages of Mr Bakewell forming a Private Limited Company rather than a Partnership business. [19 marks]
 - (b) Outline THREE reasons why Mr Bakewell's business may stand a greater chance of success if he buys a franchise licence instead of attempting to establish his own business. [6 marks]

Total 25 marks

SECTION B

MODULE 2: MANAGEMENT OF PEOPLE

Answer ONE question from this section.

3. The manager of Body-Fit Swimwear Manufacturing Co. Ltd is contemplating introducing the concept of teams in his organisation. However, he is concerned that the existing conflict among his workers may hinder the execution of his plan.
- (a) Explain what is meant by the term 'team', and identify ONE situation in which teams are utilized. [3 marks]
 - (b) Outline THREE benefits and THREE drawbacks which the business may experience from the utilization of teams. [12 marks]
 - (c) Identify TWO possible causes of conflict among the workers and discuss TWO ways in which the conflict can be managed. [10 marks]

Total 25 marks

GO ON TO THE NEXT PAGE

4. (a) Discuss FOUR **main** principles of Frederick Taylor's Scientific Management Approach. [13 marks]
- (b) Explain THREE ways in which Frederick Taylor's Scientific Management Approach is relevant to modern business industry. [12 marks]

Total 25 marks

SECTION C

MODULE 3: BUSINESS FINANCE AND ACCOUNTING

Answer ONE question from this section.

5. Caesar's Publishing Company has three investment possibilities in Projects A, B and C. On account of its financial state, the company has decided that it can choose only one project. The initial investment for each project is \$200 000 and the discount rate is 10%. The cost and expected returns for each project are shown in the table below.

	Project A \$	Project B \$	Project C \$
Initial cash outlay Year 0	200 000	200 000	200 000
Cash Inflow			
Year 1	60 000	20 000	40 000
Year 2	40 000	80 000	60 000
Year 3	60 000	100 000	40 000
Year 4	40 000	40 000	60 000
Year 5	60 000	60 000	40 000

Present value of \$1 received at the end of a number of years at 10%.

Year 1	1	2	3	4	5
PV of \$1	0.90	0.85	0.78	0.72	0.68

- (a) Calculate the payback period and the net present value for EACH project. [21 marks]
- (b) Indicate which project the company should invest in, based on the payback method. [1 mark]
- (c) Indicate which project the Company should NOT consider investing in, using the net present value (NPV). [1 mark]
- (d) Outline ONE advantage that the NPV method has over the payback method. [2 marks]

Total 25 marks

GO ON TO THE NEXT PAGE

6. (a) Define the term 'budget'. [2 marks]
- (b) Explain FOUR ways by which a firm may benefit from having a budget. [8 marks]
- (c) Explain THREE shortcomings that a business firm may experience from having a budget. [6 marks]
- (d) Outline THREE differences between an Income Statement and a Balance Sheet. [9 marks]

Total 25 marks

END OF TEST

FORM TP 2008235



TEST CODE **02133032**

MAY/JUNE 2008

CARIBBEAN EXAMINATIONS COUNCIL

ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 1 – PAPER 03/2

1½ hours

13 MAY 2008 (p.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of a case study and **THREE** questions, **ONE** from **EACH** module.
2. Candidates **MUST** answer the **THREE** questions.
3. Each question is worth **20 marks**.

INSTRUCTION: Read the case study and answer the questions that follow.

CASE STUDY

FIX-IT-CAR & SALES ENTERPRISE

Mr. Fix-It, sixty-five years old, is the owner and manager of Fix-It-Car & Sales Enterprise, a small firm specializing in car repairs and the sale of automotive parts. Mr. Fix-It has been in business as a sole trader for many years and has two sons and one daughter who want to become partners in his business.

The business is located in a small town called Quietville, and supplies automotive parts to customers within the area and to a few passing motorists. The car repair side of the business has been facing an increase in competition from Crissan, a large franchised operation of a major car manufacturer. There has been little profit from the parts section, due to a steady fall in the demand in that particular section of town. Mr. Fix-It wants to expand the business so that his children can become involved. He is thinking of three possible ways to expand.

- Option 1. Build a small extension to the side of the garage and open a restaurant that will offer a "take-out" service since there would be no real space for "eat-in" arrangements. He would specialize in lunches only, and cater to employees of small businesses within the area. His daughter, Spicy, would be the ideal person to manage the restaurant since she was once a chef at a prominent restaurant.
- Option 2. Extend his line of service to offer not only car repairs but also tyre repairs, car washing and shampooing. His two sons Randy and Raphael could manage this aspect of the business, however, they have no formal training or experience in the auto industry.
- Option 3. Take up the offer to merge with PARTS-R-US, a fairly new auto firm which only specializes in the selling of auto parts, and is ideally located in the busy section of the town. Mr. Novice, twenty-five years old, owner and manager, has no real experience in the running of a business or in auto parts sales. He is usually very forgetful, keeps no proper business nor accounting records and blames his employees for his own mistakes.

PARTS-R-US has been experiencing high sales, but Mr. Novice has not recorded any profit since he has inherited the business from his father. In addition, the firm has been experiencing a very rapid turnover of staff.

Mr. Novice believes he can benefit from the management and expertise of Mr. Fix-It who has been in this field for most of his lifetime and is said to be a man of "OGD" that is, Order, Good-record keeping and Discipline. He believes that Mr. Fix-It in return could benefit from the size and location of Crissan.

Mr. Fix-It knows that unless he makes some quick decisions his business will not survive. He is faced with the challenge of wanting to keep control of the business, and to pass it on as a profitable firm, to his children.

GO ON TO THE NEXT PAGE

1. (a) State ONE advantage and ONE disadvantage that Mr. Fix-It would experience as a sole trader. [4 marks]
- (b) Identify TWO possible ways in which the location of Fix-It-Car & Sales Enterprise has impacted negatively on business. [4 marks]
- (c) (i) Define the term 'merger'. [2 marks]
- (ii) Suggest TWO possible advantages and TWO possible disadvantages that Mr. Fix-It could experience if he decides to merge his business with Mr. Novice. [8 marks]
- (d) State ONE advantage that Mr. Fix-It would experience in choosing Option 2 rather than Option 1 as a possible method of expansion. [2 marks]

Total 20 marks

2. (a) State THREE possible reasons why PARTS-R-US may be experiencing such a high staff turnover. [6 marks]
- (b) Suggest THREE ways in which Mr. Fix-It's current business may benefit from his sons being trained. [6 marks]
- (c) Define 'communication'. [2 marks]
- (d) State THREE possible barriers to communication that may arise between Mr. Novice and Mr. Fix-It if they decide to do business as a team. [6 marks]

Total 20 marks

3. (a) Outline THREE important factors that Mr. Fix-It must take into consideration if he decides to seek additional finance for the expansion of his business. [6 marks]
- (b) State FOUR reasons why it is important for a business like PARTS-R-US to keep good accounting records. [8 marks]
- (c) Explain ONE way in which EACH of the following financial and accounting ratios can be useful in analyzing the performance of PARTS-R-US Enterprise:
- (i) Return on Capital Employed (ROCE)
- (ii) Liquidity Ratio [6 marks]

Total 20 marks

END OF TEST

FORM TP 2008235



TEST CODE **22133032**

MAY/JUNE 2008

CARIBBEAN EXAMINATIONS COUNCIL

ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 1 – PAPER 03/2

1½ hours

14 JULY 2008 (p.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of a case study and **THREE** questions, **ONE** from **EACH** module.
2. Candidates **MUST** answer the **THREE** questions.
3. Each question is worth **20 marks**.
4. The overall total for Paper 03/2 is **60 marks**.

INSTRUCTION: Read the case study and answer the questions that follow.

CASE STUDY

CHEVY'S CAR REPAIR

Charles Chevy has been in business as a sole trader for many years. He owns and operates a small garage, called Chevy's Car Repair, in a local town. Charles has two sons and one daughter and they want to be involved in his business. All of his children are married with their own families.

Over the past few months, the garage has been facing increasing competition from a large franchised operation of a major car manufacturer, located just a few blocks away from Chevy's Car Repair.

Charles wants to expand the business so that his children could become involved. At present, the profits cannot support more than one family. He is thinking of three possible ways of expanding the business.

- Option 1. Local shops have been closing down because of competition from supermarkets. Charles could build a small extension to the garage and stock it with groceries and everyday household items. His daughter, Sunshine, would be keen to manage this shop.
- Option 2. He could start selling car accessories in a section of the garage which is presently underutilized and his two sons could manage that aspect of the business.
- Option 3. He could close down his present business, and together with all the members of his family, take up a franchise offer for a petrol station located on the busy side of town. The possibility exists that he may be able to continue the repairs side of his business.

Charles knows that unless he takes some quick decisions, his business will not survive. He wants to maintain control of the business and to pass it on as a profitable firm, to his children. He has very little money saved and all of the expansion options will require additional capital. Charles has not been keeping good financial records, he has no proper inventory management system and a few of his customers had started complaining about the quality of his work. John, a Credit Manager, and a very good friend of Charles, has a genuine interest in the continuity of his business. John recently asked Charles about Cash Flow Statements for the business, in an effort to help him to secure a loan.

Charles is very keen to avoid business risks and he has always been opposed to borrowing money for business purposes.

1. (a) Evaluate how the following stages in the decision-making process would assist Charles in deciding which option to choose.
 - (i) Definition of the problem
 - (ii) Analysis
 - (iii) Implementation
 - (iv) Evaluation

[16 marks]
- (b) If Charles decides to choose Option 1, outline ONE legal and ONE social constraint that may affect his decision.

[4 marks]

Total 20 marks

GO ON TO THE NEXT PAGE

2. (a) (i) Define EACH of the following functions of management.
- Planning
 - Organising
 - Motivating
 - Controlling
- [8 marks]
- (ii) If Charles should decide to choose Option 2, explain ONE way in which EACH of the management functions above could help him to efficiently and effectively manage the business. [8 marks]
- (b) With reference to the case, outline TWO reasons why Charles may find it very difficult to accept any future changes in his business. [4 marks]

Total 20 marks

3. (a) If Charles decides to seek finance to expand his business, suggest
- (i) TWO possible sources of finance, [2 marks]
 - (ii) THREE factors Charles needs to take into consideration when seeking a source of finance. [6 marks]
- (b) (i) Explain what is meant by a 'Cash Flow Statement'. [2 marks]
- (ii) Outline THREE advantages and TWO disadvantages of Cash Flow Statements in the operation of Chevy's Car Repair. [10 marks]

Total 20 marks

END OF TEST



TEST CODE **02233020**

FORM TP 2008237

MAY/JUNE 2008

CARIBBEAN EXAMINATIONS COUNCIL
ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 2 – PAPER 02

2½ hours

02 JUNE 2008 (p.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **THREE** sections.
2. Each section consists of **TWO** questions.
3. Candidates **MUST** answer **ONE** question from **EACH** section.
4. Each question is worth a total of **25 marks**.
5. The overall total for Paper 02 is **75 marks**.

SECTION A

MODULE 1: PRODUCTION AND OPERATIONS MANAGEMENT

Answer ONE question from this section.

1. 'Where to produce' is a major production decision. The Misty Blue Beverage Company makes a range of carbonated and mild alcoholic drinks in a wide variety of flavours from local fruits. Management is considering setting up a plant in one of four Caribbean territories.

Explain how EACH of the following factors can help the company to decide in which territory to locate.

- (a) Market demand
- (b) Intensity of competition
- (c) Government regulations
- (d) Availability of raw materials
- (e) Supply of labour

[25 marks]

Total 25 marks

2. (a) Discuss TWO ways in which productivity is important to EACH of the following:
- (i) Businesses
 - (ii) Unions
 - (iii) Government

[19 marks]

- (b) Outline TWO strategies that can be used to improve productivity.

[6 marks]

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION B

MODULE 2: FUNDAMENTALS OF MARKETING

Answer ONE question from this section.

3. Ethnic Garb is a Caribbean company which operates in Coco Isle and markets a variety of casual clothing. Currently the line of clothing is not branded. The company plans to introduce its line of clothing to one of the larger Caribbean islands in three months.

(a) Define EACH of the following marketing strategies:

- (i) Branding
- (ii) Penetration pricing
- (iii) Direct distribution channel
- (iv) Advertising

[8 marks]

(b) Outline ONE advantage and ONE disadvantage of using EACH of the marketing strategies in (a) above to successfully penetrate the new market. [17 marks]

Total 25 marks

4. Axiom Marketing Research Inc. has been asked to conduct a research project for Gifts Unlimited, a small Caribbean manufacturer of ornaments and gifts. The company wants to investigate buyer motivations, frequency of purchase and amount purchased per occasion.

(a) (i) Outline the **main** difference between primary data and secondary data, giving ONE advantage of EACH type of data.

(ii) Outline the **main** difference between probability sampling and non-probability sampling, giving ONE advantage of EACH type of sampling. [16 marks]

(b) Using an appropriate criterion, recommend and justify the strategy from EACH pair at (a) (i) and (a) (ii) that will help the company to achieve the objectives of the research project. [9 marks]

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION C

MODULE 3: SMALL BUSINESS MANAGEMENT

Answer ONE question from this section.

5. Miss Pretty is thinking of starting a small business specializing in female clothing. Her brother, a business consultant, has suggested that she should do market research before investing in such a business.

(a) Discuss FOUR ways in which market research is advantageous to a small business. [16 marks]

(b) Outline THREE problems Miss Pretty may encounter in conducting market research for her proposed business. [9 marks]

Total 25 marks

6. (a) Outline FOUR challenges that a young entrepreneur may face in the 'start-up' phase of a small business and suggest ONE solution to EACH challenge outlined. [16 marks]

(b) Outline THREE factors that a young entrepreneur needs to consider when deciding what form of organization his or her business should take. [9 marks]

Total 25 marks

END OF TEST



TEST CODE **22233020**

MAY/JUNE 2008

FORM TP 2008237

CARIBBEAN EXAMINATIONS COUNCIL
ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 2 – PAPER 02

2½ hours

30 JUNE 2008 (p.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **THREE** sections.
2. Each section consists of **TWO** questions.
3. Candidates **MUST** answer **ONE** question from **EACH** section.
4. Each question is worth a total of **25 marks**.
5. The overall total for Paper 02 is **75 marks**.

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22233020/CAPE 2008

SECTION A

MODULE 1: PRODUCTION AND OPERATIONS MANAGEMENT

Answer ONE question from this section.

1. Imperial Bank plans to establish a new branch on Main Street in the fast-growing town of Rose Hall. The table below shows the major activities that must be performed, the order of the activities and the estimated time of each activity required to implement the project (establishing the new branch of the bank).

Major Activity	Order of Activities	Estimated time (weeks)
A	Must be done first	8
B	Must be done first	4
C	Can start only when B is completed	9
D	Can start only when A is completed	6
E	Can start only when A is completed	11
F	Can start only when D is completed	3
G	Can start only when E and F are completed	1

- (a) Using the information given in the table above, draw a network diagram of the project. [8 marks]
- (b) State
- (i) the length (weeks) of EACH path
 - (ii) the expected length of the project
 - (iii) the amount of slack time for EACH path. [7 marks]
- (c) Outline THREE advantages and TWO limitations of using PERT and CPM techniques for planning and co-ordinating large-scale projects. [10 marks]

Total 25 marks

2. PROSUCO is a company producing sugar for the local and international market. The owners of PROSUCO believe that it can still compete with the best sugar producers in the world, even when it loses preferential treatment in the European market. They plan to introduce Total Quality Management (TQM) in the company's operations within a month.

- (a) Define the concept 'customer' as it relates to TQM and outline ONE way in which this concept can be useful at PROSUCO. [4 marks]
- (b) Discuss FOUR common TQM techniques that PROSUCO can use to enhance its competitiveness in the international sugar market. [12 marks]
- (c) Discuss THREE ways in which poor quality can affect PROSUCO. [9 marks]

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION B

MODULE 2: FUNDAMENTALS OF MARKETING

Answer ONE question from this section.

3. On Emerald Isle, on account of the high duty on new motor vehicles and used motor vehicles less than five years old, most people who can afford it, buy used or refurbished vehicles aged five years or more. Trans Atlantic Motor Spares (TAMS) is one of a few sellers of "hard to find" spare parts for used motor vehicles. TAMS has a large share of this market segment.
- (a) (i) Explain how the following concepts may be used to evaluate the marketing function:
- a) The product concept
 - b) The sales concept
 - c) The marketing concept [6 marks]
- (ii) State TWO reasons why the marketing concept is the BEST approach for TAMS. [4 marks]
- (b) Discuss THREE factors in market conditions that the marketing manager of TAMS needs to consider when seeking to secure a competitive advantage in the market place. [9 marks]
- (c) Discuss TWO capabilities in the firm that the marketing manager of TAMS needs to consider when seeking to secure a competitive advantage in the market place. [6 marks]

Total 25 marks

4. A Caribbean company that sells furniture is seeking the opinion of ONE of its target audiences – Caribbean-Americans. On August 6, 7 and 8, the firm will hold focus group sessions for Caribbean-Americans ages 25 - 55, who are the main decision-makers for their households and are interested in purchasing furniture for family members living in the Caribbean. Participants cannot be affiliated with any furniture retailer or manufacturer, marketing or market research company, public relations or advertising agency.
- (a) State THREE **main** features of the focus group methodology. [6 marks]
- (b) Define the term 'market segmentation' and outline THREE uses of market segmentation. [8 marks]
- (c) (i) Identify and justify THREE characteristics of the targeted Caribbean-American group. [9 marks]
- (ii) Suggest ONE reason why members of the focus group CANNOT be affiliated with the other type of companies mentioned in the case. [2 marks]

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION C

MODULE 3: SMALL BUSINESS MANAGEMENT

Answer ONE question from this section.

5. Suzie Que, a graduate from the University of the Caribbean with a degree in business administration, has lost her job of 5 years with a multi-national corporation. Suzie was laid off due to cost-cutting measures. She wants to establish her own business by providing janitorial services to the business district of Fast Town.
- (a) Explain what is meant by the term 'entrepreneurship'. [2 marks]
 - (b) Outline FOUR characteristics that Suzie should possess in order to be a successful entrepreneur. [8 marks]
 - (c) Discuss THREE opportunities and TWO challenges that Suzie may face if she decides to set up her business. [15 marks]

Total 25 marks

6. Healthy Choice Bakery Ltd., a small bakery operating in a large residential community has recently added a new product to its bread line. It is a 100% whole wheat bread, and the company is one of two bakeries in the country that produces that kind of bread. There has been a growing trend among consumers towards a healthy lifestyle. This high fibre bread is also ideal for persons with diabetes, hypertension and other 'lifestyle' diseases. The product has been already introduced to the market through a limited number of outlets, but there is an urgent need to widen its distribution channel. An award at a well known Food Fair and a number of "write-ups" in the local paper have resulted in an increase in the demand for the product. The company has received numerous requests from many individuals for the product to be made more widely available.

Healthy Choice Bakery has a significant amount of excess capacity, but the owner is unsure of the ability of the business to distribute its product, as it has only one delivery van.

Mr Sell-Off, a marketing consultant has suggested that the most suitable channel of distribution for Healthy Choice Bakery is the retail channel or a one-level channel.

- (a) Identify THREE types of retail businesses or outlets that could effectively distribute the Healthy Choice Bakery Ltd. new product. [3 marks]
- (b) Identify and justify TWO **main** factors that may have influenced the Marketing Consultant's suggested choice of distribution channel. [8 marks]
- (c) Miss Eat-Rite, owner and manager of Healthy Choice Bakery Ltd. has approached the bank for a loan to assist in its promotion and distribution activities. The bank has suggested that she should produce her business plan for its inspection.
 - (i) Explain what is meant by a 'business plan'. [2 marks]
 - (ii) Outline FOUR **main** components of a business plan. [8 marks]
 - (iii) State TWO benefits, to Miss Eat-Rite, of having a business plan. [4 marks]

Total 25 marks

END OF TEST



TEST CODE **02233032**

MAY/JUNE 2008

FORM TP 2008238

CARIBBEAN EXAMINATIONS COUNCIL

ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 2 – PAPER 03/2

1½ hours

27 MAY 2008 (a.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of a case study and **THREE** questions, **ONE** from **EACH** module.
2. Candidates **MUST** answer the **THREE** questions.
3. Each question is worth **20 marks**.

INSTRUCTION: Read the case study and answer the questions that follow.

CASE STUDY

THE PEST BRIGADE

“It won’t work!” said Mandy flatly. She was responding to her husband’s idea of quitting his job with Pest Kill and starting his own pest control company.

“Have you seen the number of pest control companies in the phone book?” She continued: “There are over twenty of them!”

“Competition is not a problem,” responded Andy, “I know the customers and I know that many of them would come with me if I went on my own.”

“Yeah, right!” Mandy snorted. “How do you know that those few customers are sufficient? Did you do any projections? What is the size of the market? Is it growing? My boss knows a lot about business and he says that many small businesses fail because they don’t do their ‘homework’ .”

“You are too pessimistic, man,” smiled Andy and walked away. He sensed the temperature was rising and he did not want another verbal battle.

Andy had worked for the pest control company for fifteen years. Some time after the tenth year he got the idea that this was a business that he “could do”. He even had a name for it – The Pest Brigade.

Andy had discussed the idea several times with his friends, some of whom had promised to “help him out” with finance and contacts. However, his wife and his mother-in-law always seemed to be in opposition to the idea. They felt that he was not ready. Phyllis, a former girl-friend, had told him that he needed a business plan and had offered to help him develop it. She had explained that he needed to measure the demand for pest control services and consider “segmenting it”, a phrase Andy pretended to understand.

Despite the opposition from his wife, Andy had decided to stick with the idea. He had done some checking and knew that he needed about \$50,000 in start-up capital to purchase equipment and inventory - mostly chemicals. However, he was not sure whether to borrow from his friends, a commercial bank or the Small Business Development Foundation. Commercial bank rates were 10 to 12 per cent whereas Small Business Development Foundation rates were 2 to 3 percentage points lower.

Sanka, a professional sign painter and friend, had offered to supply Andy with a sign when he was ready to set up. Mandy had told him that a sign was not enough and that he would need to promote his business to get sufficient customers.

Another issue he was facing was finding a suitable location for the business. He had asked Mandy about using their home as an office and operations centre, at least for the time being, but she had objected on the grounds that it was not safe for their two young children.

GO ON TO THE NEXT PAGE

1. (a) Outline TWO ways in which a sales forecast can assist the Pest Brigade in planning its start-up operations. [4 marks]
- (b) Suggest FOUR factors that Andy needs to consider before choosing a location for the venture. [4 marks]
- (c) Outline ONE way in which EACH of the factors suggested in (b) above can influence the success of the business. [8 marks]
- (d) State TWO ways in which inventory control is important to the type of venture Andy is considering. [4 marks]

Total 20 marks

2. (a) Outline TWO advantages of the brand name that Andy has chosen for this service. [4 marks]
- (b) Define the term 'segmentation' and suggest TWO segments into which the market for pest control services can be divided. [4 marks]
- (c) State ONE way in which the service offered to EACH segment suggested in (b) above would differ. [2 marks]
- (d) Suggest TWO inexpensive methods that Andy can use to advertise his business. [2 marks]
- (e) Outline ONE advantage and ONE disadvantage of EACH method suggested in (d) above. [8 marks]

Total 20 marks

3. (a) Identify TWO entrepreneurial characteristics displayed by Andy and explain the importance of EACH to the success of his venture. [6 marks]
- (b) Outline TWO advantages of borrowing from the Small Business Development Foundation as opposed to a commercial bank. [4 marks]
- (c) Identify FOUR pieces of financial information that may be included in a business plan. [4 marks]
- (d) Outline the importance of any THREE pieces of information identified in (c) above to potential lenders. [6 marks]

Total 20 marks

END OF TEST



TEST CODE **22233032**

MAY/JUNE 2008

FORM TP 2008238

CARIBBEAN EXAMINATIONS COUNCIL

ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 2 – PAPER 03/2

1½ hours

03 JULY 2008 (a.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of a case study and **THREE** questions, **ONE** from **EACH** module.
2. Candidates **MUST** answer the **THREE** questions.
3. Each question is worth **20 marks**.
4. The overall total for Paper 03/2 is **60 marks**.

INSTRUCTION: Read the case study and answer the questions that follow.

CASE STUDY

MIKE – THE YOUNG ENTREPRENEUR

In 1997, Mike Alfred started working in a tyre shop at age 17 where he learnt to repair tyres and to sell reconditioned (used) tyres. He kept looking for an opportunity to open his own tyre shop and in 1998 he managed to do so by securing a property in Rasville where he employed one person.

Mike's strategy to raise the initial investment sum involved telling the owner of the premises that he had to pay cash for the tyres, and thus obtaining two weeks 'grace period' before the payment of his first rent. He told a similar story to his tyre supplier and obtained credit for two weeks on the first shipment of tyres. Mike knew he had a good location where there was heavy vehicular traffic, and realised that he had to act quickly and decisively to pay off his supplier and landlord on time. Accordingly, he advertised his tyres for \$230 instead of \$250, which was his competitors' price and made quick sales of reconditioned tyres, while repairing tyres. Within one week Mike had paid in cash for his rent, and by the end of the first week of operations he had paid up for the initial order of reconditioned tyres. After two months, Mike raised his price per tyre to \$250, the same as his competitors, and business was still brisk. Also, he had developed a following of loyal customers who had grown to trust and admire him and appreciated his efficient work.

Mike was a diligent worker who spent long hours on the job. This resulted in a major conflict between himself and his young wife Marsha, who had threatened to leave him. As a result of the heavy workload and no time for family, Mike had no alternative but to employ two additional persons.

Mike ensured that he was not idle by doing other work for customers according to their needs. Such tasks included fixing number plates and doing mechanical work. Mike was doing extremely well.

By 2005, he rented another tyre shop in Main Street, a location which had lots of human and vehicular traffic. With the installation of traffic lights in 2007, this location became more congested and potential customers could not find parking space. Mike began thinking of alternatives. Then CompuCell came to town launching their cell phone service. They were in rivalry with the local cell phone company. Mike saw an opportunity in the war between the two cell phone "giants" who were looking for vendors to retail their products. He became a vendor for both companies. He started out selling retail and then someone asked him if he was selling wholesale and he said yes and arranged the deal. As a vendor, he would buy \$15,000 in minutes and make \$600. As a wholesaler, he started out making 5 per cent and now he earns 7.5 per cent.

Investing in the cell phone business did not require any heavy financial investment on Mike's part. He continued to use the premises of his tyre shop which was small in size and relatively inexpensive to rent. Also, the location was well positioned in terms of potential customers as there was a heavy traffic in pedestrians and vehicular traffic in this commercial area. Mike was now making much more money than he ever made with his tyre shop. He opened two more retail shops, selling cellular phones in other busy locations where the rent was reasonable and there was much traffic in people. He employed people that he could trust to manage these shops and he implemented systems where he could easily keep track of cell phones sold.

Mike, the young entrepreneur, was driving on the road to success.

GO ON TO THE NEXT PAGE

1. Discuss FIVE **main** factors that Mike needs to consider when deciding on a location for his business. [20 marks]

Total 20 marks

2. (a) Explain the marketing concept that Mike used as an entrepreneur, and cite ONE instance where he applied this concept. [4 marks]

- (b) Assess Mike's ability to perform the marketing function in FOUR areas of responsibility. [16 marks]

Total 20 marks

3. Identify FIVE challenges that Mike faced in his tyre business, and evaluate how well he handled these challenges. [20 marks]

Total 20 marks

END OF TEST

FORM TP 2009228



TEST CODE **02133020**

MAY/JUNE 2009

CARIBBEAN EXAMINATIONS COUNCIL
ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 1 – PAPER 02

2½ hours

21 MAY 2009 (p.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **THREE** sections.
2. Each section consists of **TWO** questions.
3. Candidates **MUST** answer **ONE** question from **EACH** section.
4. Each question is worth a total of **25 marks**.
5. The overall total for Paper 02 is **75 marks**.

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02133020/CAPE 2009

SECTION A

MODULE 1

BUSINESS AND ITS ENVIRONMENT

Answer ONE question from this section.

1. Kevin James, a tailor, is contemplating whether to remain as a sole trader or to form a private limited company.
- (a) Explain to Kevin TWO advantages and TWO disadvantages that a private limited company has over a sole trader. **[12 marks]**
- (b) Discuss THREE ways in which a change in the economic system of the country from a mixed economy to a planned economy could affect Kevin's decision to form a private limited company. **[13 marks]**

Total 25 marks

2. Discuss THREE benefits and THREE drawbacks that Caribbean countries could experience with multinationals operating in their territories. **[25 marks]**

Total 25 marks

SECTION B

MODULE 2

MANAGEMENT OF PEOPLE

Answer ONE question from this section.

3. Weber conceptualized that organizations would be managed on an impersonal, rational basis. Weber called this form of organization a bureaucracy.

(a) Outline FOUR characteristics of a bureaucracy as specified by Weber. [8 marks]

(b) Discuss FOUR implications of "Weber's bureaucracy" on today's business organizations. [17 marks]

Total 25 marks

4. Change is a crucial element in an organization's ability to survive and grow.

(a) Explain FOUR reasons why employees resist change. [12 marks]

(b) Discuss THREE methods that can be used to address resistance to change. [13 marks]

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION C

MODULE 3

BUSINESS FINANCE AND ACCOUNTING

Answer ONE question from this section.

5. (a) (i) Define the term 'working capital'. [2 marks]
- (ii) Identify THREE components of working capital. [3 marks]
- (b) Buddy is setting up a new gas station and convenience store and requires financing for the following areas:
- Land and building
 - Machinery and equipment
 - Stock of petrol
 - Stock for convenience store
 - Wages for employees (for the first week)

Identify the MOST suitable source of finance for EACH of the above areas of the business. For EACH source identified, explain why it is the MOST suitable.

[20 marks]

Total 25 marks

6. The following is the Balance Sheet of Eastwood Hardware Ltd. as at December 31, 2008. Study the Balance Sheet and answer the questions that follow.

Eastwood Hardware Ltd.
Balance Sheet as at December 31, 2008

<u>Fixed Assets</u>	<u>\$ Cost</u>	<u>Less \$ depreciation</u>	<u>\$</u>
Buildings	500 000	50 000	450 000
Plant and machinery	100 000	40 000	60 000
Furniture and fittings	50 000	20 000	30 000
Motor vehicles	70 000	20 000	50 000
	<u>720 000</u>	<u>130 000</u>	<u>590 000</u>
 <u>Current Assets</u>			
Stocks		140 000	
Debtors		30 000	
Prepayments		5 000	
Cash		1 000	
		<u>176 000</u>	
 <u>Less current liabilities</u>			
Bank overdraft	13 000		
Creditors	12 000		
Accrued costs	1 000		
Taxation payable	10 000	36 000	
		<u>62 000</u>	
 <u>Net current assets (working capital)</u>			 <u>140 000</u>
<u>Assets less current liabilities</u>			<u>730 000</u>
 <u>Less long-term liabilities</u>			
Bank loan			180 000
			<u>550 000</u>
 <u>Net assets</u>			
<u>Financed by</u>			
Share capital			200 000
Ordinary shares			200 000
			<u>400 000</u>
Preference shares			150 000
Reserves			<u>550 000</u>

The following items have been omitted from the Balance Sheet of Eastwood Hardware Ltd.

- Money owed to business from suppliers
- An item of stock in a warehouse
- A piece of equipment used to make products
- Electricity consumed
- Rent paid in advance for the next three months

- (a) Identify the appropriate sub-heading under which EACH of the omitted items would appear in the Balance Sheet of Eastwood Hardware Ltd. [5 marks]

GO ON TO THE NEXT PAGE

- (b) (i) Outline the MAIN difference between performance ratio and liquidity ratio. [3 marks]
- (ii) Identify ONE stakeholder who will be interested in EACH type of ratio. [2 marks]
- (c) Calculate the following ratios for Eastwood Hardware Ltd. and explain the implication of EACH ratio.
- (i) Current Ratio
- (ii) Acid Test Ratio
- (iii) Gearing Ratio [15 marks]

Total 25 marks

END OF TEST

FORM TP 2009229



TEST CODE **02133032**

MAY/JUNE 2009

CARIBBEAN EXAMINATIONS COUNCIL

ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 1 – PAPER 03/2

1½ hours

12 MAY 2009 (p.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of a case study and **THREE** questions, **ONE** from **EACH** module.
2. Candidates **MUST** answer the **THREE** questions.
3. Each question is worth **20 marks**.

INSTRUCTIONS: Read the case study and answer the questions that follow.

CASE STUDY

DRESS-UP FASHION

In June 2007 Franseta and her cousin Dolly decided to start a partnership business specializing in fashion designing. They named the firm 'Dress-Up Fashion'. They decided to employ four persons: two designers, a cashier and a general staff assistant. Franseta invested \$500,000 in the business, while Dolly invested \$100,000. Franseta insisted that they should have a Partnership Deed drawn up.

Over the last two years the business has been doing extremely well, providing designers' outfits for both male and female. In May 2008 the firm was invited to take part in an international fashion show 'World of Fashion - 2008'. Dolly was reluctant to get involved, however; Franseta was excited.

"Hey, Dolly, this is our big chance to spread our wings on the international scene," said Franseta.

Dolly shook her head. "It is not as easy as that, cuz. We would have to employ more people with the required skills and experience in professional designing. In addition, we would have to consider airfare, accommodation, food and other expenses for the five days that we are expected to stay."

"Let us call a meeting with the staff, and get their input before making a decision," replied Franseta.

"I totally object to such a move," said Dolly. "Our present staff dislikes work, must be coerced, controlled, directed, or threatened with punishment to get them engaged in doing any task assigned to them. Their main interest is job security and increase in salary. They cannot work on their own initiative; hence it would be a waste of time to ask for their contribution."

"I really do not agree with your views about our employees," replied Franseta.

"I know that given the right encouragement these workers will be happy to participate in the decision-making of the firm," said Franseta, who was well aware that when it came to taking on new ideas and challenges, Dolly was always cautious, refusing to think 'out of the box'.

"Well, I will leave you to think about the idea, while I go to examine our accounting records to assess our performance for this quarter. If we are going to accept this offer, we may need to seek finance," said Franseta.

"Bye, cuz. See you later. I hope we will be able to come to an amicable decision on the matter," replied Dolly.

GO ON TO THE NEXT PAGE

1. (a) Identify the type of economic activity in which 'Dress-Up Fashion' is engaged. [1 mark]
- (b) Explain what is meant by 'Partnership Deed'. [2 marks]
- (c) List THREE important components that Franseta and Dolly should include in their Partnership Deed. [3 marks]
- (d) Explain TWO reasons why it is important for Dolly and Franseta to have a Partnership Deed drawn up. [6 marks]
- (e) State TWO negative impacts that EACH of the following could have on Dress-Up Fashion:
- (i) Human resource constraints [4 marks]
- (ii) Cultural constraints [4 marks]

Total 20 marks

2. (a) Using evidence from the case, identify the leadership style that is BEST associated with
- (i) Franseta
- (ii) Dolly. [2 marks]
- (b) State ONE advantage of EACH leadership style identified in 2 (a) above. [4 marks]
- (c) (i) With reference to the case, identify TWO assumptions of McGregor's Theory X. [2 marks]
- (ii) Outline TWO implications of McGregor's Theory X for managers such as Dolly. [4 marks]
- (d) Discuss TWO ways in which 'Dress-Up Fashion' would benefit from a more team-oriented approach in the decision-making process of the firm. [8 marks]

Total 20 marks

3. (a) State THREE reasons why it is important for 'Dress-Up Fashion' to keep good accounting records. [6 marks]
- (b) Identify TWO possible sources of finance that 'Dress-Up Fashion' should consider for the international project. [2 marks]
- (c) Assess THREE criteria that 'Dress-Up Fashion' should consider when choosing a source of finance for the international fashion show. [12 marks]

Total 20 marks

END OF TEST

FORM TP 2009231



TEST CODE **02233020**

MAY/JUNE 2009

CARIBBEAN EXAMINATIONS COUNCIL
ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 2 – PAPER 02

2½ hours

28 MAY 2009 (p.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **THREE** sections.
2. Each section consists of **TWO** questions.
3. Candidates **MUST** answer **ONE** question from **EACH** section.
4. Each question is worth a total of **25 marks**.
5. The overall total for Paper 02 is **75 marks**.

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02233020/CAPE 2009

SECTION A
MODULE 1
PRODUCTION AND OPERATIONS MANAGEMENT

Answer ONE question from this section.

1. Intensified global competition has been a major factor behind management's sharpened interest in quality management and control.

(a) (i) Explain what is meant by 'Total Quality Management'. [3 marks]

(ii) Discuss ONE implication of Total Quality Management for EACH of the following:

- Employees
- Product/process design
- Customers
- Suppliers

[16 marks]

(b) Outline THREE circumstances under which Total Quality Management programmes may fail to achieve overall organizational objectives. [6 marks]

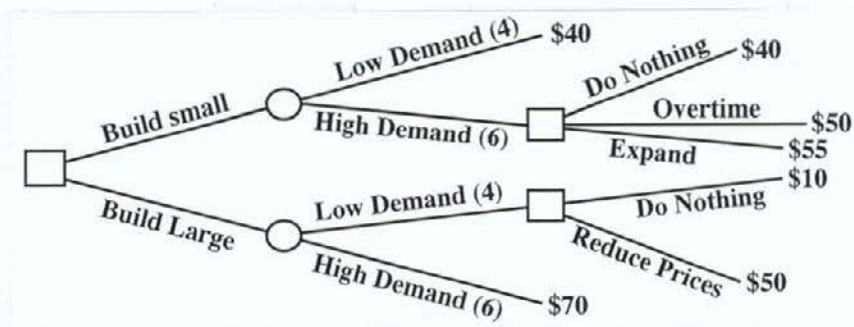
Total 25 marks

2. (a) Forecasting serves as the basis for planning.

Outline THREE advantages and THREE disadvantages of the Delphi method as a forecasting technique. [12 marks]

(b) Mr. Opportunity is thinking of investing in a garment factory.

The decision tree below shows the alternatives available to Mr. Opportunity if he decides to build a large factory or a small factory.



(i) Using the decision tree, sequentially analyze the decisions Mr. Opportunity needs to make at EACH step. [8 marks]

(ii) Calculate the highest expected value for building

- a) a small factory
- b) a large factory.

[4 marks]

(iii) Determine which alternative Mr. Opportunity must choose if he is to maximize expected monetary returns. [1 mark]

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION B

MODULE 2

FUNDAMENTALS OF MARKETING

Answer ONE question from this section.

3. (a) Differentiate between 'informative advertising' and 'persuasive advertising', stating ONE situation in which EACH would be MOST effective. [8 marks]

- (b) One major advertising decision is determining which media to use as a means of transmitting the message.

Discuss FOUR factors that may influence the choice of media. [17 marks]

Total 25 marks

4. (a) Differentiate between 'direct distribution channel' and 'indirect distribution channel', giving ONE example of EACH. [6 marks]

- (b) Outline TWO factors that may influence the choice of a distribution channel. [6 marks]

- (c) Discuss THREE benefits to a manufacturer of using an intermediary channel. [13 marks]

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION C

MODULE 3

SMALL BUSINESS MANAGEMENT

Answer ONE question from this section.

The following scenario relates to Questions 5 and 6.

Ruth Williams, an entrepreneur, has started a sole trader business specializing in janitorial services. She started the business with her own savings and she did not have a formal business plan. As her business expands, and according to the needs of her situation, she employs more persons to work for her. She does her own hiring, accounting and marketing. Her business is barely paying for itself.

- 5.** (a) Outline THREE advantages and THREE disadvantages that Ruth Williams experiences as a sole trader. [12 marks]
- (b) Discuss THREE characteristics that Ruth should possess in order to be a successful entrepreneur. [13 marks]

Total 25 marks

- 6.** (a) Define the term 'business plan'. [3 marks]
- (b) State THREE reasons why Ruth should have a business plan. [6 marks]
- (c) Discuss FOUR key elements that Ruth should include in her business plan. [16 marks]

Total 25 marks

END OF TEST

FORM TP 2009232



TEST CODE **02233032**

MAY/JUNE 2009

CARIBBEAN EXAMINATIONS COUNCIL

ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 2 – PAPER 03/2

1½ hours

26 MAY 2009 (a.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of a case study and **THREE** questions, **ONE** from **EACH** module.
2. Candidates **MUST** answer the **THREE** questions.
3. Each question is worth **20 marks**.

INSTRUCTION: Read the case study and answer the questions that follow.

CASE STUDY

Flaky Bakery

'Flaky Bakery' supplies a variety of pastries and cakes to leading supermarkets and pastry shops. It is owned and operated by Mark Vibes and John Cool, who are qualified bakers and have been in this business for the past two years. The company has a small factory that makes the entire range of products. The main products are hard dough bread, carrot cakes and doughnuts. The demand pattern for these products is very different.

The hard dough bread is bought mainly by supermarkets every day, all year round. Carrot cakes are mainly bought on weekends, whereas doughnuts are often bought mid-week for children's lunches. Recently, there has been a major fall in the demand for doughnuts, and the company is contemplating conducting market research to determine what has contributed to the decline in demand for such a well-loved product.

In an effort to improve business, the company is thinking of introducing its latest product, the 'hand-made wedding cake', each one to a different design. Mark and John are thinking of different promotional strategies to capture the company's target market. They are evaluating different pricing strategies in order to enter the market at the right time with the right price. Mark has indicated to John that the company needs to do a careful analysis of the micro and macro environmental factors that may have some impact on the development of the product, for instance, market demand, product quality, suppliers, location and sales forecasting.

Mark, who is very enthusiastic about the idea, has worked hard to keep the business going. He knows that this new product could be a success but considering existing competition in the market, careful analysis would be required.

John looks at his close friend and business partner. He suspects that over the next few weeks, Mark would be up all night working on this new product idea.

"Hey, Mark!" exclaims John. "Let us start as young entrepreneurs would."

"How?" replies Mark.

"With a formal business plan," replies John.

1. Outline TWO ways in which EACH of the following will impact on the potential success of the new product venture:
 - (a) Location [4 marks]
 - (b) Market demand [4 marks]
 - (c) Product quality [4 marks]
 - (d) Suppliers [4 marks]
 - (e) Sales forecasting [4 marks]

Total 20 marks

GO ON TO THE NEXT PAGE

2. (a) Define the term 'market research'. [2 marks]
- (b) Explain TWO ways in which market research could be useful to 'Flaky Bakery'. [6 marks]
- (c) Suggest ONE promotional strategy that the company could use to market its new product, giving ONE reason for your suggestion. [4 marks]
- (d) Mark is thinking of employing the 'cost-plus pricing' or the 'competition-based pricing' as a possible pricing strategy for the new product.

Examine these TWO strategies and determine which would be more appropriate for the business to adopt. [8 marks]

Total 20 marks

3. (a) Identify TWO entrepreneurial characteristics displayed by Mark and explain ONE way in which EACH characteristic can help him to succeed. [6 marks]
- (b) State ONE advantage of a business plan. [2 marks]
- (c) Identify THREE essential pieces of information that Mark should include in his business plan and outline the importance of EACH to an investor. [12 marks]

Total 20 marks

END OF TEST

FORM TP 2010221



TEST CODE **02133020**

MAY/JUNE 2010

CARIBBEAN EXAMINATIONS COUNCIL

ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 1 – PAPER 02

2½ hours

12 MAY 2010 (p.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **THREE** sections.
2. Each section consists of **TWO** questions.
3. Candidates **MUST** answer **ONE** question from EACH section.
4. Each question is worth a total of **25 marks**.
5. The overall total for Paper 02 is **75 marks**.

SECTION A

MODULE 1: BUSINESS AND ITS ENVIRONMENT

Answer ONE question from this section.

1. (a) Define the term 'mission statement' and outline THREE reasons why a mission statement is important to a business. [8 marks]
- (b) (i) Identify FOUR criteria that can be used to measure the size of a business. [4 marks]
- (ii) Evaluate the effectiveness of THREE of the criteria identified in (b) (i) above [13 marks]
- Total 25 marks**

2. A firm is contemplating whether to include social responsibility as one of its main objectives.
- (a) Discuss THREE **main** objectives of a typical business organization. [13 marks]
- (b) Define the term 'social responsibility', giving TWO examples of how a firm can display social responsibility. [6 marks]
- (c) Outline THREE reasons why it is important for a firm to practise 'social responsibility'. [6 marks]
- Total 25 marks**

SECTION B

MODULE 2: MANAGEMENT OF PEOPLE

Answer ONE question from this section.

3. John, the manager of KPJ Co. Ltd, has been described by his workers as a participative leader.
- (a) Define the term 'participative leadership'. [3 marks]
- (b) Discuss TWO advantages and TWO disadvantages of the participative style of leadership. [16 marks]
- (c) Outline THREE situations in which the participative style of leadership would be useful to KPJ Co. Ltd. [6 marks]
- Total 25 marks**

GO ON TO THE NEXT PAGE

4. (a) (i) Define the term 'training'. [2 marks]
- (ii) State THREE reasons why training is important to an organization. [6 marks]
- (b) Evaluate TWO conditions under which EACH of the following types of training programmes is BEST suited:
- (i) Internally based
- (ii) Externally based [17 marks]

Total 25 marks

SECTION C

MODULE 3: BUSINESS FINANCE AND ACCOUNTING

Answer ONE question from this section.

5. XYZ Co. Ltd is considering investing in one of three projects, A, B or C. The initial cost and cash flows of each project are shown below.

The company has the option of borrowing the amount to cover the cost of either project at 11% interest per annum.

Cash Flow	Project A	Project B	Project C
Initial Cost	\$40 000	\$28 000	\$30 400
Year 1	12 000	10 000	8 100
Year 2	12 200	10 100	8 600
Year 3	11 800	9 600	12 000
Year 4	14 200	9 900	13 100
Year 5	14 380	10 100	15 000

- (a) Compute the cumulative cash flow for EACH project. [13 marks]
- (b) Compute the payback period, in years, to two decimal places, for EACH project. [6 marks]
- (c) Indicate, giving a reason, which project the company should accept. [3 marks]
- (d) Assume the IRR (Internal Rate of Return) of the projects are as follows:
- | | | |
|---|---|-------|
| A | – | 11.5% |
| B | – | 8% |
| C | – | 15% |

Based on the IRR, indicate, giving a reason, which project the company should accept. [3 marks]

Total 25 marks

GO ON TO THE NEXT PAGE

6. The following is the cash flow statement for Nigel Enterprises for the year ended December 21, 2008. Study the statement and answer the questions that follow.

Nigel Enterprises
Cash Flow Statement
For the year ended December 21, 2008

	(US \$ millions)	(US \$ millions)
<u>Net cash inflow from operating activities</u>		6
<u>Returns on investment and servicing of finance</u>		
Interest received	2	
Interest paid	(4)	
Dividends paid	(4)	
<u>Net cash outflow from returns on investments and servicing of finance</u>		(6)
<u>Taxation</u>		
Inland Revenue tax paid	(4)	
<u>Investing activities</u>		
Purchases of tangible fixed assets	(4)	
Purchases of subsidiary undertakings (net of cash and cash equivalents acquired)	(18)	
Sale of plant and machinery	4	
Net cash outflow from investing activities		(18)
Net cash outflow before financing		(22)
<u>Financing</u>		
New secured loan repayable in 2009	17	
Repayment of amount borrowed	(2)	
Net cash inflow from financing		<u>15</u>
Decrease in cash and cash equivalents		7

- (a) (i) Explain what is meant by the term 'cash flow statement'. [3 marks]
- (ii) Identify TWO financial statements, other than the cash flow statement, that are used by firms. [2 marks]
- (b) Analyse the cash flow situation of Nigel Enterprises under EACH of the following headings:
- (i) Net cash inflow or outflow from operating activities
 - (ii) Returns on investment and servicing of finance
 - (iii) Net cash outflow from investing activities
 - (iv) Increase or decrease in cash equivalents
 - (v) Financing
- [20 marks]**

Total 25 marks

END OF TEST

FORM TP 2010222



TEST CODE **02133032**

MAY/JUNE 2010

CARIBBEAN EXAMINATIONS COUNCIL

ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 1 – PAPER 03/2

1½ hours

11 MAY 2010 (p.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of a case study and **THREE** questions, **ONE** from **EACH** module.
2. Candidates **MUST** answer the **THREE** questions.
3. Each question is worth **20 marks**.

INSTRUCTION: Read the case study and answer the questions that follow.

CASE STUDY

KATHY'S PLACE

Kathy works at the Caribbean Bank. She observed that very often, middle-level officials who came to do work with the bank, would seek accommodation that was not too expensive. Her uncle is a carpenter and so she contracted him to build an additional storey on her existing house so that she could accommodate paying guests. Her guests were provided with lodging, but they provided their own meals either by buying outside or cooking on the premises.

Kathy's accommodation for guests was a self-contained room with bathroom facilities and access to her living room, dining room and kitchen. She provided them with soap and towels.

Kathy does not live near to the bank, but she provided her guests with free transportation to and from work. She also offered to take them to the airport for free, initially.

The response Kathy received from visiting officials and others was good, and for a couple of years, she enjoyed a near monopoly of clients who came to do work with the bank. Then, other bank employees started to offer similar services like Kathy. A number of them offered self-contained apartments at reasonable prices where guests were insulated from their neighbour. All accommodation is located some distance from the work site.

Over the years, Kathy became complacent and less sensitive to the needs of her paying guests. For instance, she did not change towels every other day as before. She now charges a fee for transporting guests to the workplace, the supermarket and the airport which is a stone's throw from where she lives. Persons can no longer speak loudly in their rooms for fear of disturbing their neighbours and getting a reprimand from Kathy.

Some of her existing clients, who have been regular guests over the years, are contemplating seeking alternative accommodation that is nearer to the workplace and where they can enjoy more privacy and freedom.

GO ON TO THE NEXT PAGE

1. (a) Identify the FIVE main steps in the rational decision-making process. [5 marks]
- (b) Explain how Kathy can use EACH of the steps identified in (a) above to resolve the challenges brought by her competition. [15 marks]

Total 20 marks

2. (a) Using the steps in the decision-making process, analyse the following environmental factors:
- (i) Economic conditions [4 marks]
- (ii) Markets [4 marks]
- (iii) Customers [4 marks]
- (iv) Services [4 marks]
- (b) Recommend to Kathy a strategy that would give her a competitive edge. [4 marks]

Total 20 marks

3. Kathy has decided to invest in an apartment complex within walking distance of the Caribbean Bank.

- (a) Identify FOUR sources of finance available to Kathy for investment. [4 marks]
- (b) Discuss FOUR important factors that Kathy must take into consideration when seeking finance for her new venture. [16 marks]

Total 20 marks

END OF TEST

FORM TP 2010224



TEST CODE **02233020**

MAY/JUNE 2010

CARIBBEAN EXAMINATIONS COUNCIL
ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 2 – PAPER 02

2½ hours

27 MAY 2010 (p.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **THREE** sections.
2. Each section consists of **TWO** questions.
3. Candidates **MUST** answer **ONE** question from EACH section.
4. Each question is worth a total of **25 marks**.
5. The overall total for Paper 02 is **75 marks**.

SECTION A

MODULE 1: PRODUCTION AND OPERATIONS MANAGEMENT

Answer ONE question from this section.

1. (a) Define the term ‘Just-in-Time (JIT) operations’ and discuss three elements of approach to quality used by JIT systems. **[14 marks]**
- (b) (i) Identify THREE requirements for effective inventory management. **[3 marks]**
- (ii) State FOUR reasons why firms hold inventories. **[8 marks]**

Total 25 marks

2. The table below shows the amount of materials used at Afoor’s, a manufacturing company, and the output of workers over a five-week period.

Week	Output (units)	Workers	Materials (lbs)
1	300	6	45
2	340	7	50
3	320	7	50
4	350	8	55
5	240	5	40

The standard price of materials at Afoor’s is \$140 per unit. The employees work 40-hour weeks at a rate of \$12 per hour. Overhead is 1.5 times weekly labour cost and material cost is \$6 per pound.

- (a) (i) Compute the labour productivity for EACH of the FIVE weeks shown, using output per worker per hour as a measure of labour productivity. **[10 marks]**
- (ii) Explain the implication of the productivity figures for the company. **[3 marks]**
- (b) Afoor’s has been experiencing low productivity at the factory. Discuss THREE steps that the company can take towards improving productivity. **[12 marks]**

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION B

MODULE 2: FUNDAMENTALS OF MARKETING

Answer ONE question from this section.

This scenario applies to Question 3 and Question 4.

The owner of Fruity Juice Co. Ltd, manufacturers of natural juice, recently attended a marketing seminar and has noted the following key concepts which he believes would be useful if implemented in his business:

- Primary and secondary market research
- Market segmentation
- Niche marketing

3. (a) Define the terms 'primary research' and 'secondary research', giving ONE advantage of EACH. **[8 marks]**
- (b) Discuss FOUR ways in which market research may be beneficial to Fruity Juice Co. Ltd. **[17 marks]**

Total 25 marks

4. (a) Distinguish between 'market segmentation' and 'niche marketing'. **[4 marks]**
- (b) Outline TWO benefits of niche marketing to Fruity Juice Co. Ltd. **[4 marks]**
- (c) Discuss TWO benefits and TWO drawbacks of market segmentation to Fruity Juice Co. Ltd. **[17 marks]**

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION C

MODULE 3: SMALL BUSINESS MANAGEMENT

Answer ONE question from this section.

5. The governments in many Caribbean countries have been encouraging the growth of small businesses.

(a) Outline **THREE** difficulties faced by small businesses in your country. [**9 marks**]

(b) Discuss **FOUR main** contributions of small businesses to the development of your country's economy. [**16 marks**]

Total 25 marks

6. Jemma has just completed a Degree in Child Care Studies and now wishes to set up a small nursery business in her neighbourhood.

Discuss **FIVE** factors that will impact on the success of Jemma's business. [**25 marks**]

Total 25 marks

END OF TEST

FORM TP 2010225



TEST CODE **02233032**

MAY/JUNE 2010

CARIBBEAN EXAMINATIONS COUNCIL

ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 2 – PAPER 03/2

1½ hours

25 MAY 2010 (a.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of a case study and **THREE** questions, **ONE** from **EACH** module.
2. Candidates **MUST** answer the **THREE** questions.
3. Each question is worth **20 marks**.

INSTRUCTION: Read the case study and answer the questions that follow.

CASE STUDY

Eddie has just been “carried to the cleaners” after a divorce, and without much of a formal education, he had to start his life all over again. His obvious skills lay in his physical abilities. He was a martial arts black belt, but he could not make a living, because the sport was not popular in his country.

Eddie offered his services as a landscaper in his community. He approached mainly homeowners who were well-off. After three months, his business began to prosper, and he had to hire assistants, since he was getting more work than he could manage. By the end of his second year in business, Eddie was well established as a reliable and efficient landscaper. He advertised in the local newspapers and encouraged customers to refer their friends and neighbours to him. He also had a telephone answering service where clients could leave messages for him. By this time, too, Eddie, knowing that he lacked bookkeeping skills, hired an accountant who prepared his annual tax returns.

It wasn't long before Eddie realized that if his business was to grow, he needed efficient, dependable and committed workers. Initially he did not scrutinize those he hired; however, by the end of his second year of operations, he knew exactly what kind of persons he needed and from where to recruit them. He hired mainly non-locals who were reliable and hardworking and he treated them as an extension of his family.

Eddie had no serious competition in his landscaping business, and his prices were affordable. He was always courteous and mannerly in his dealings, and his customers appreciated him. His real drawback lay in bad weather, when he could not work. At such times he did office cleaning. However, he wanted to focus on landscaping and would take a holiday overseas when business was really slow.

The global economic crisis created a new dimension for Eddie. Many of his established customers could no longer hire him on a consistent basis. Some lost their jobs and others were in danger of losing their homes. With the housing market crisis and rising unemployment, Eddie felt that he had to come up with a new marketing strategy to widen his pool of customers. One positive dimension to the economic crisis was that the price of fuel had dropped to about one-third of what it was five months before. The cost of operating his machines and trucks had reduced significantly. Still, demand for his services was low. Eddie was now contemplating expanding the radius of his operations so as to improve the performance of his business.

GO ON TO THE NEXT PAGE

1. (a) Explain THREE ways in which the global economic crisis impacts on Eddie's business. [9 marks]
- (b) (i) Identify ONE internal and ONE external factor that could enhance productivity in Eddie's business. [2 marks]
- (ii) Discuss TWO ways by which Eddie can possibly enhance productivity in his business operations. [9 marks]

Total 20 marks

2. (a) (i) State FOUR reasons why Eddie should conduct market research before proceeding on market expansion. [8 marks]
- (ii) Outline TWO factors that may be hindering Eddie from hiring a marketing consultant. [4 marks]
- (b) Assess Eddie's ability to perform the marketing function in TWO areas of responsibility. [8 marks]

Total 20 marks

3. (a) Outline TWO entrepreneurial characteristics and TWO entrepreneurial skills that Eddie displays. [8 marks]
- (b) Discuss THREE **major** challenges that Eddie faces in the operation of his business. [12 marks]

Total 20 marks

END OF TEST

FORM TP 2011225



TEST CODE **02133020**

MAY/JUNE 2011

CARIBBEAN EXAMINATIONS COUNCIL

ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 1 – PAPER 02

2½ hours

11 MAY 2011 (p.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **THREE** sections.
2. Each section consists of **TWO** questions.
3. Candidates **MUST** answer **ONE** question from EACH section.
4. Each question is worth a total of **25 marks**.
5. The overall total for Paper 02 is **75 marks**.

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02133020/CAPE 2011

SECTION A

MODULE 1: BUSINESS AND ITS ENVIRONMENT

Answer ONE question from this section.

- 1.** Mr. Tyre is faced with TWO options, whether to expand his existing car repairs business or to buy into a franchise, as a solution to the problems faced by the business.

The following are steps in the decision-making process:

- (i) Definition of the problem
 - (ii) Analysis
 - (iii) Implementation
 - (iv) Evaluation
- (a) Discuss how EACH of the steps above may assist Mr. Tyre in deciding which of the two options to choose. **[16 marks]**
- (b) Explain ONE way in which EACH of the following environmental factors may impact Mr. Tyre's car repairs business:
- (i) Globalization
 - (ii) Information technology
 - (iii) Government regulations **[9 marks]**

Total 25 marks

- 2.** Miss Dressy is planning to start a fashion designing business. She was advised that the first step in setting up a business is to establish the 'business objectives'.

- (a) Explain what is meant by the term 'business objective'. **[3 marks]**
- (b) Discuss THREE reasons why it is important for Miss Dressy to establish objectives for her business. **[12 marks]**
- (c) Identify TWO business objectives that Miss Dressy should aim to achieve and discuss the importance of EACH objective to the business. **[10 marks]**

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION B

MODULE 2: MANAGEMENT OF PEOPLE

Answer ONE question from this section.

3. Frederick Herzberg has developed the 'Two Factor Theory' of motivation in which he argues that job satisfaction and dissatisfaction are caused by two distinct factors.
- (a) Outline the TWO factors identified by Herzberg in his theory, giving TWO examples of EACH. **[10 marks]**
 - (b) Explain how the TWO factors identified in (a) above lead to job satisfaction OR dissatisfaction in an organization. **[8 marks]**
 - (c) Outline a three-step approach, based on Herzberg's Two Factor Theory, which you, as a Human Resource Manager, would adopt in order to enhance job satisfaction in your organization. **[7 marks]**

Total 25 marks

4. The workers of Jewellery Plus Co. Ltd., a very large organization, are complaining about poor communication which has resulted in the organization having problems meeting its goals.
- (a) Define the term 'communication'. **[2 marks]**
 - (b) Discuss THREE possible barriers to effective communication at Jewellery Plus and outline ONE way in which EACH barrier discussed may be overcome. **[15 marks]**
 - (c) Outline TWO features of EACH of the following types of communication network:
 - (i) Formal
 - (ii) Informal **[8 marks]**

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION C

MODULE 3: BUSINESS FINANCE AND ACCOUNTING

Answer ONE question from this section.

5. The published accounts of Multi-link Inc. recorded the following information for the last two years of operation.

Year	Capital Employed	Net Profit	Gross Profit	Sales Turnover
2009	4.5	0.75	1.35	5.0
2010	3.0	0.375	1.025	4.10

- (a) Using the information in the table above, calculate the following profitability ratios and use your results to assess the performance of the company over the two-year period:
- (i) Gross profit margin
 - (ii) Net profit margin
 - (iii) Return on capital employed **[15 marks]**
- (b) Explain TWO limitations of using accounting ratios to assess the performance of a firm and suggest how EACH limitation may be overcome. **[10 marks]**

Total 25 marks

6. (a) State ONE way in which the final accounts of a business serve as a **major** source of information for EACH of the following stakeholders:
- (i) Investors
 - (ii) Suppliers
 - (iii) Government
 - (iv) Business Managers **[8 marks]**

GO ON TO THE NEXT PAGE

John, the owner and operator of John's Chemicals & Supplies, is in the process of examining his cash flow statement in order to make some informed decisions regarding his business.

(b) Outline to John

(i) the meaning of the term 'cash flow statement' [2 marks]

(ii) TWO advantages of a cash flow statement to his business. [4 marks]

Below is a list of John's expenses, sales and other figures for the period ending May 31, 2010.

<u>Expenses</u>		<u>Sales & Other Figures</u>	
	\$		\$
Electricity	1 020	Sales	55 000
Stationery	250	Opening stock	18 000
Rent	1 830	Purchases	30 000
Advertising	1 490	Profit on sale of plant	4 000
Depreciation of motor vehicles	2 000	Closing stock	7 500
Insurances	1 090		
Sundry expenses	248		

(c) Construct the Trading and Profit and Loss Account for John's Chemicals & Supplies for the period ended May 31, 2010. [11 marks]

Total 25 marks

END OF TEST

FORM TP 2011226



TEST CODE **02133032**

MAY/JUNE 2011

CARIBBEAN EXAMINATIONS COUNCIL

ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 1 – PAPER 03/2

1½ hours

19 MAY 2011 (p.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of a case study and **THREE** questions, **ONE** from **EACH** module.
2. Candidates **MUST** answer the **THREE** questions.
3. Each question is worth **20 marks**.

INSTRUCTION: Read the case study and answer the questions that follow.

CASE STUDY

KIDZ KOLLEGE

Three years ago, in 2008, Nappy left her post of qualified registered nurse to start her own business – Kidz Kollege. The business specialized in nursery and aftercare services for children from 6 weeks to 3 years of age. At the start of the business, there were 12 children enrolled and she employed one daycare assistant. After one year, the number of children had increased to 25. The business was growing and she needed help in managing the day-to-day operations.

In 2010, Barbie joined her sister Nappy in business. Barbie previously worked as a management and accounting consultant. The sisters formed a partnership in which they both became general partners in the business. At the time of the formation of the partnership, Nappy invested \$500 000 and Barbie invested \$400 000. Barbie insisted that they should have a Deed of Partnership drawn up. The number of children had increased to 40, hence, they employed three more nurse care assistants, one administrative clerk and one general staff assistant.

Many parents have suggested to the owners of Kidz Kollege that they should consider expanding their services to include children up to 5 years old. Nappy thought it was a great idea and was willing to consider it, however, Barbie was not so moved.

“Barbie, this is a very good idea, I think we should give it a try,” said Nappy.

“We will be able to increase the profitability of the business as well as to offer our services to a wider clientele.” Barbie was not very enthusiastic.

“That is a very big venture, and we do not have the resources that will be required for such an expansion. We will require additional finance to rent a larger building as well as to purchase furniture and educational resources. In addition, we will need more trained staff, and the current staff will need to be re-trained,” said Barbie.

“We can get financing to take care of everything; we can consider debt financing or equity financing,” suggested Nappy.

“Easier said than done,” replied Barbie. “Our financial records need to be in order before we can approach a financial institution.”

“Well, that is your field, I know you will take care of that,” remarked Nappy.

“I will see what I can do,” said Barbie hesitantly.

“I think we should discuss it with the staff and get their take on it,” suggested Nappy.

“Is that necessary?” asked Barbie. “They have been employed to do a job, they are not a part of management.”

“Since they will be a part of the expansion, and it will affect them, we should get their buy-in on it” said Nappy. “I wish you luck!” exclaimed Barbie.

“I am sure they will be excited,” said Nappy.

GO ON TO THE NEXT PAGE

1. (a) (i) Identify the type of economic activity in which Kidz Kollege is engaged, giving ONE reason for your answer. [2 marks]
- (ii) State THREE characteristics of EACH of the following types of business entities:
- a) Sole trader
- b) General partnership [6 marks]
- (b) (i) Explain what is meant by a 'Deed of Partnership' . [3 marks]
- (ii) Discuss THREE reasons why it is important for Barbie and Nappy to have a Deed of Partnership drawn up. [9 marks]
- Total 20 marks**

2. (a) (i) Nappy displays a democratic leadership style. Cite TWO pieces of evidence from the case to support this view. [2 marks]
- (ii) Identify the type of leadership style displayed by Barbie. Cite ONE piece of evidence, from the case, to support your view. [2 marks]
- (b) Outline TWO advantages of a democratic leadership style for businesses such as Kidz Kollege. [4 marks]
- (c) Discuss TWO ways in which the proposed expansion of the business may impact EACH of the following stake holders:
- (i) Employees
- (ii) Management [12 marks]
- Total 20 marks**

3. (a) Outline THREE reasons why it is important for Kidz Kollege to keep good accounting records. [6 marks]
- (b) (i) List FOUR types of collateral security which Kidz Kollege can use to secure financing. [4 marks]
- (ii) Outline TWO reasons why financial institutions require borrowers to produce collateral security when seeking loans. [4 marks]
- (c) Explain to Barbie and Nappy TWO ways in which debt financing differs from equity financing. [6 marks]
- Total 20 marks**

END OF TEST

FORM TP 2011228



TEST CODE **02233020**

MAY/JUNE 2011

CARIBBEAN EXAMINATIONS COUNCIL
ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 2 – PAPER 02

2½ hours

26 MAY 2011 (p.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **THREE** sections.
2. Each section consists of **TWO** questions.
3. Candidates **MUST** answer **ONE** question from EACH section.
4. Each question is worth a total of **25 marks**.
5. The overall total for Paper 02 is **75 marks**.

SECTION A

MODULE 1: PRODUCTION AND OPERATIONS MANAGEMENT

Answer ONE question from this section.

- 1.** Luke Lloyd is the Chief Executive Officer, (CEO) of Lloyd Electronics Ltd. He has been asked by his Board of Directors to recommend quality control measures to improve the company's operation. He is contemplating introducing Total Quality Management (TQM) as well as Just-in-Time (JIT) operations to make inventory control more efficient.

- (a) (i) Define the term 'Total Quality Management' (TQM). [2 marks]
- (ii) Discuss THREE potential benefits and ONE potential drawback that Lloyd Electronics Ltd. may experience from implementing the TQM approach in its business. [16 marks]
- (b) (i) State TWO features of 'Just-in-Time operations' and explain how it is related to TQM. [5 marks]
- (ii) State TWO **likely** benefits for Lloyd Electronics from the implementation of an efficient inventory control system. [2 marks]

Total 25 marks

- 2.** You are given the following information about the daily operations of XYZ Garment Factory:

360 garments produced at a standard price of \$100 EACH
Labour cost \$ 600
Material cost \$1 600
Overhead cost \$1 000

- (a) Calculate the labour productivity of XYZ Garment Factory. [4 marks]
- (b) Identify FIVE factors that may impact negatively on the productivity of XYZ Garment Factory. [5 marks]
- (c) Discuss FOUR methods of improving productivity at XYZ Garment Factory. [16 marks]

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION B

MODULE 2: FUNDAMENTALS OF MARKETING

Answer ONE question from this section.

- 3.** Logic Marketing Research Inc. has been hired to conduct a market research project for PPC-TV, a TV company that was recently incorporated. The TV Company wants to investigate consumer preferences for types of programmes as well as the times that the programmes are broadcast. The research director is wondering whether secondary data for this project might exist or whether primary data need to be collected.

- (a) (i) Define the term 'market research'. **[2 marks]**
- (ii) Discuss THREE reasons why it is important for PPC-TV to conduct market research. **[12 marks]**
- (b) Distinguish between primary and secondary data and state the MOST appropriate source of primary data for this project. **[3 marks]**
- (c) State TWO advantages and TWO disadvantages of using EACH of the following methods of conducting market research for PPC-TV.
- (i) Personal interviews
- (ii) Telephone interviews **[8 marks]**

Total 25 marks

- 4.** Silk Fashions specializes in the designing of a wide range of clothing. They plan on testing market reaction to their range of clothing using focus group methodology, before embarking on market segmentation.

- (a) State THREE features of the focus group methodology. **[6 marks]**
- (b) Discuss THREE advantages that Silk Fashions could realize from segmenting the market. **[12 marks]**
- (c) (i) Identify THREE primary bases on which Silk Fashions could segment its consumer market. **[3 marks]**
- (ii) Describe any TWO bases of market segmentation identified in (c) (i) above. **[4 marks]**

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION C

MODULE 3: SMALL BUSINESS MANAGEMENT

Answer ONE question from this section.

5. Mr. Gravy is an expert on preparing delicious chicken. He is thinking of setting up a barbeque chicken business as a sole trader enterprise, and has approached you for advice. As a management consultant, you are required to advise Mr. Gravy by responding to the following.

- (a) Outline THREE characteristics which Mr. Gravy must possess in order to succeed as an entrepreneur. [6 marks]
- (b) Identify THREE challenges that Mr. Gravy may face as an entrepreneur. [3 marks]
- (c) Outline THREE reasons why Mr. Gravy may need to conduct market research. [6 marks]
- (d) Identify TWO factors that may influence the pricing of his product. [2 marks]
- (e) Discuss TWO factors that may influence the location of his business. [8 marks]

Total 25 marks

6. Pilly has just completed her studies in pharmaceuticals and is contemplating setting up her own pharmacy. She approached the bank for a loan and the bank has asked her to produce a business plan as a prerequisite for the loan.

- (a) Explain what is meant by the term 'business plan'. [3 marks]
- (b) State TWO purposes of a business plan. [4 marks]
- (c) Outline FIVE important steps in the preparation of a business plan. [10 marks]
- (d) Outline ONE legal requirement that Pilly will have to observe in setting up her business. [2 marks]
- (e) Suggest THREE ways in which information technology could assist Pilly in efficiently operating her business. [6 marks]

Total 25 marks

END OF TEST

FORM TP 2011229



TEST CODE **02233032**

MAY/JUNE 2011

CARIBBEAN EXAMINATIONS COUNCIL

ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 2 – PAPER 03/2

1½ hours

24 MAY 2011 (a.m.)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of a case study and **THREE** questions, **ONE** from **EACH** module.
2. Candidates **MUST** answer the **THREE** questions.
3. Each question is worth **20 marks**.

INSTRUCTION: Read the case study and answer the questions that follow.

CASE STUDY

Dexter believes that he is the architect of his own destiny. He graduated from Tamarind University with a Bachelor's degree in Business Administration at a time when there was a high rate of unemployment in the country. He decided that instead of working for someone else, he could start his own business. Dexter observed some deficiencies in the household maintenance and gardening industry in Broom City. People in his neighbourhood frequently complained about the lack of competent, reliable workers such as gardeners, plumbers, carpenters and tree trimmers.

Dexter decided to use some of the money he inherited from his father to research the demand for these services with the ultimate aim of setting up a business to provide quality services. He conducted a sample survey of potential clients where personal interviews were used to ascertain their needs and preferences, the size of the market and the extent of the competition. He discovered that there was a need for reliable, quality services in the areas of carpentry, plumbing, gardening and tree trimming. He also observed that there were lots of persons trained in carpentry and plumbing who had graduated from the technical (vocational) schools and were seeking employment. There were persons who contracted work individually, but there was no company in Broom City offering these household services.

Dexter was determined to submit a business plan to Savoy Bank in order to obtain adequate capital to start his business. He knew that it was relatively easy to register his business and the regulations for operating the business were not too stringent. Also Broom City, being an urban area with a regular bus service, his workers would have no difficulty obtaining transportation and reaching their destination quickly. Dexter feels that with his education, training and innate ability, he has 'what it takes' to succeed in his business. He possesses good accounting, human relations, planning and organizing skills. He believes in motivating his workers with praise and financial rewards to achieve outstanding performance.

He is healthy, exercises regularly, enjoys tremendous stamina and is prepared to work long hours to get his business on track. To his advantage, Dexter will be operating initially from his home which is located in the heart of one of the residential areas where his potential clients reside. He now awaits the response to his business plan from Savoy Bank.

1. (a) Outline TWO **microenvironmental** factors and ONE **macroenvironmental** factor that could facilitate Dexter's entry into the household maintenance and gardening industry. **[6 marks]**
- (b) Describe TWO dimensions of quality that might be important to customers in the household maintenance and gardening industry. **[4 marks]**
- (c) Discuss TWO ways in which the provision or non-provision of quality service can affect the future of Dexter's business. **[6 marks]**
- (d) Identify TWO methods which Dexter can use to
 - (i) measure productivity **[2 marks]**
 - (ii) improve productivity. **[2 marks]**

Total 20 marks

GO ON TO THE NEXT PAGE

2. (a) State TWO specific objectives that Dexter should aim to achieve through market research. **[4 marks]**
- (b) Identify THREE sources used by Dexter to obtain information about his potential market. **[3 marks]**
- (c) Outline TWO benefits and TWO drawbacks of the personal interview as a data collection method. **[4 marks]**
- (d) Discuss THREE factors that Dexter would need to take into consideration when making his pricing decisions. **[9 marks]**

Total 20 marks

3. (a) Identify TWO entrepreneurial characteristics displayed by Dexter and outline ONE way in which EACH characteristic can contribute to his success. **[6 marks]**
- (b) Identify TWO management skills possessed by Dexter and state ONE way in which EACH skill may give him a competitive edge in the household maintenance and gardening industry. **[6 marks]**
- (c) Identify TWO essential pieces of information that Dexter should include in his business plan and discuss the importance of EACH piece of information to a potential investor. **[8 marks]**

Total 20 marks

END OF TEST



TEST CODE **02133020**

FORM TP 2012225

MAY/JUNE 2012

CARIBBEAN EXAMINATIONS COUNCIL

ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 1 – Paper 02

2 hours 30 minutes

11 MAY 2012 (p.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of **THREE** sections.
2. Each section consists of **TWO** questions.
3. Candidates **MUST** answer **ONE** question from EACH section.
4. Begin **EACH** question on a separate page.
5. Each question is worth a total of **25 marks**.

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02133020/CAPE 2012

SECTION A

MODULE 1: BUSINESS AND ITS ENVIRONMENT

Answer ONE question from this section.

- 1.** (a) (i) Define the term ‘multi-national corporation’. **[2 marks]**
- (ii) Outline THREE reasons why firms become multi-national corporations. **[6 marks]**
- (b) Discuss TWO potential benefits and TWO potential drawbacks of a multi-national company to the host country. **[17 marks]**

Total 25 marks

- 2.** Linda, a small sole trader, is thinking of expanding her business. She is faced with two options: To go into a partnership or to convert to a limited liability company.
- (a) (i) Define the term ‘partnership’. **[2 marks]**
- (ii) Outline THREE advantages that Linda would enjoy if she decides to continue operating her business as a sole trader rather than going into a partnership. **[6 marks]**
- (b) Discuss TWO advantages and TWO disadvantages that Linda may experience if she decides to convert her business to a limited liability company rather than a partnership. **[17 marks]**

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION B

MODULE 2: MANAGEMENT OF PEOPLE

Answer ONE question from this section.

3. (a) Distinguish between 'training' and 'development'. **[4 marks]**
- (b) Outline TWO conditions under which EACH of the following types of training is BEST suited:
- (i) Internally based
 - (ii) Externally based **[8 marks]**
- (c) Discuss THREE reasons why training is important to organizations. **[13 marks]**

Total 25 marks

4. (a) Define EACH of the following terms:
- (i) Leadership **[2 marks]**
 - (ii) Conflict **[2 marks]**
- (b) Distinguish between a 'directive leadership style' and a 'participative leadership style'. **[4 marks]**
- (c) Outline TWO advantages and TWO disadvantages of the participative leadership style. **[8 marks]**
- (d) Discuss TWO strategies that a manager may employ to manage conflict in an organization. **[9 marks]**

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION C

MODULE 3: BUSINESS FINANCE AND ACCOUNTING

Answer ONE question from this section.

5. Spice Island Corporation is considering investing in one of two projects – **A** or **B**. The initial cost and net cash inflows from each project are shown below. The company has the option of borrowing the amount to cover the cost of **EITHER** project at 10% interest per annum.

Cash Flow	Project A	Project B
	\$	\$
Initial Cost	5 000 000	5 400 000
Net Cash Inflows		
Year 1	1 000 000	1 400 000
Year 2	1 300 000	1 600 000
Year 3	1 300 000	1 600 000
Year 4	1 200 000	1 600 000
Year 5	1 200 000	1 200 000

Discount factors at 10% per annum

Year	Factor
1	0.909
2	0.826
3	0.751
4	0.683
5	0.621

- (a) Using the payback method:
- (i) calculate the payback period for
 - a) Project A
 - b) Project B **[6 marks]**
 - (ii) identify the project in which the company should invest, giving ONE reason for your choice **[2 marks]**
- (b) Using the net present value method
- (i) calculate the net present value (NPV) for Project A and Project B **[8 marks]**
 - (ii) identify the project in which the company should invest, giving ONE reason for your choice. **[2 marks]**
- (c) State TWO advantages and ONE disadvantage of using
- (i) the NPV method
 - (ii) the payback method. **[6 marks]**
- (d) Identify ONE investment appraisal method, other than the net present value and the payback method. **[1 mark]**

Total 25 marks

6. (a) Outline TWO advantages and ONE limitation of ratio analysis. **[6 marks]**
- (b) Distinguish between a 'cash flow statement' and a 'funds flow statement'. **[4 marks]**
- (c) (i) Identify THREE methods that a firm could employ to improve its cash flow position. **[3 marks]**
- (ii) Outline ONE advantage and ONE disadvantage of EACH method identified in (c) (i) above. **[12 marks]**

Total 25 marks

END OF TEST

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



TEST CODE **02133032**

FORM TP 2012226

MAY/JUNE 2012

CARIBBEAN EXAMINATIONS COUNCIL

ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 1 – Paper 032

1 hour 30 minutes

21 MAY 2012 (p.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of a case study and **THREE** questions, **ONE** from **EACH** module.
2. Candidates **MUST** answer the **THREE** questions.
3. Begin **EACH** answer on a separate page.
4. Each question is worth **20 marks**.

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02133032/CAPE 2012

INSTRUCTION: Read the case study and answer the questions that follow.

CASE STUDY

Reliable Removal Enterprise

Reliable Removal Enterprise is a partnership business that is operated by two brothers, John and Mark. The business started in January 2009 with a staff complement of three persons: one driver, one clerical assistant and one cashier. The business has two removal trucks and a small van. Both brothers operate as managers as well as drivers.

Two years after the business started, the financial records revealed that although the business was not operating at a loss, it was not making the profit anticipated by the brothers. They have decided to formalize their operations, by setting both long-term and short-term objectives and constructing a mission statement for the business.

In March 2011, the business was offered two contracts, one to deliver dry goods from a company's headquarters to its various branches and the other to deliver cement from the hardware to different construction sites. Both John and Mark were excited about the offers.

"This is a dream come true" said John, since they were contemplating accepting both offers.

Mark shook his head in acknowledgement. "If we are to perform effectively on these two contracts, we would have to employ at least one more driver and either lease or buy another truck," said Mark.

"Let us call a meeting with the staff, and get their input before making a decision," replied John.

"Great idea" exclaimed Mark. "Our present staff is very creative, loves recognition for work well done, works well in teams and enjoys challenging tasks that gives them a sense of achievement".

"I believe that is what has contributed to our success over the years," replied John.

"If we are going to accept these two offers, we will need additional finance," said Mark. "Hence, we need to ensure that our accounting records are in order".

"That's true" replied John. "We have to seriously consider increasing our working capital, or seek venture capital."

"Venture capital may not be appropriate for our business," remarked Mark.

The two brothers went in the direction of the small space which they share as an office, with the usual look of determination and willingness to accept any possible challenges.

GO ON TO THE NEXT PAGE

1. (a) State whether Reliable Removal Enterprise is engaged in primary, secondary or tertiary level economic activity, giving ONE reason for your answer. **[2 marks]**
- (b) (i) Define the term 'partnership'. **[2 marks]**
- (ii) Outline ONE advantage and ONE disadvantage that John and Mark may experience from operating a partnership type of business. **[4 marks]**
- (c) (i) Define the term 'mission statement'. **[2 marks]**
- (ii) Outline TWO ways in which Reliable Removal Enterprise may benefit from having a mission statement. **[4 marks]**
- (d) Explain ONE way in which EACH of the following could **negatively** impact Reliable Removal Enterprise if the firm accepts both contracts:
- (i) Human resource constraints **[3 marks]**
- (ii) Financial constraints **[3 marks]**
- Total 20 marks**

2. (a) (i) Define the term 'motivation'. **[2 marks]**
- (ii) Identify THREE positive assumptions made by John and Mark about the workers that could be classified as motivational factors according to Herzberg's and Maslow's Theory of motivation. **[3 marks]**
- (b) Describe the levels of 'Maslow's hierarchy of need' which are associated with EACH assumption identified in (a) (ii) above. **[6 marks]**
- (c) Explain THREE ways in which Reliable Removal Enterprise could benefit from a team-oriented approach. **[9 marks]**
- Total 20 marks**

3. John had mentioned the possibility of increasing the working capital of the business or seeking venture capital.

- (a) (i) Define EACH of the following terms:
 - a) Venture capital [2 marks]
 - b) Working capital [2 marks]
- (ii) Identify THREE components of working capital. [3 marks]
- (b) Identify FOUR possible sources of finance that Reliable Removal Enterprise could consider for the pending contracts. [4 marks]
- (c) Explain THREE criteria that the firm should take into consideration when choosing a source of finance for the pending contracts. [9 marks]

Total 20 marks

END OF TEST

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



TEST CODE **02233020**

FORM TP 2012228

MAY/JUNE 2012

CARIBBEAN EXAMINATIONS COUNCIL

ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 2 – Paper 02

2 hours 30 minutes

28 MAY 2012 (p.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of **THREE** sections.
2. Each section consists of **TWO** questions.
3. Candidates **MUST** answer **ONE** question from EACH section.
4. Begin **EACH** question on a separate page.
5. Each question is worth a total of **25 marks**.

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SECTION A

MODULE 1: PRODUCTION AND OPERATIONS MANAGEMENT

Answer ONE question from this section.

1. Sleepwell Motel is setting out to establish a new location on Broad Street in the new township of Diàmantè. The table below shows the major activities that must be performed, the order of the activities and the estimated time of each activity required to implement the project (establish the new location of the motel).

Major Activity	Order of Activities	Estimated time (weeks)
A	Must be done first.	10
B	Must be done first.	7
C	Can start only when A is completed.	8
D	Can start only when B is completed.	6
E	Can start only when A is completed.	10
F	Can start only when D is completed.	8
G	Can start only when E and F are completed.	2

- (a) Using the information given in the table above, draw a network diagram depicting the **major** project activities and their sequential relationships. **[9 marks]**
- (b) State
- (i) the length, in weeks, of EACH path **[3 marks]**
 - (ii) the expected length of the project **[2 marks]**
 - (iii) the amount of slack time for EACH path. **[3 marks]**
- (c) Outline TWO advantages and TWO limitations of using project evaluation and review technique (PERT) and critical path method (CPM) for planning and coordinating large-scale projects. **[8 marks]**

Total 25 marks

GO ON TO THE NEXT PAGE

2. (a) (i) Define the concept of ‘customer’ as it relates to total quality management (TQM). [2 marks]
- (ii) State TWO ways in which TQM is important in business. [2 marks]
- (b) Describe THREE TQM techniques used by businesses to enhance competitiveness in the market. [9 marks]
- (c) WILCO, an American-based manufacturing company is considering setting up a coconut processing plant in one of three CARICOM countries.
- Discuss THREE factors that are **likely** to influence WILCO’s decision about where to locate its business. [12 marks]

Total 25 marks

SECTION B

MODULE 2: FUNDAMENTALS OF MARKETING

Answer ONE question from this section.

3. (a) “Advertising is only one part of the controllable promotional mix.”
- Differentiate between ‘informative advertising’ and ‘persuasive advertising’, describing ONE situation in which EACH would be effective. [8 marks]
- (b) “A key element in advertising is media selection.”
- Discuss TWO factors that may influence the choice of media. [8 marks]
- (c) Identify THREE promotional tools, other than advertising, and outline ONE relative advantage of EACH tool. [9 marks]

Total 25 marks

4. (a) Define the concept ‘distribution’. [2 marks]
- (b) Identify THREE factors that may influence the choice of a distribution channel and explain the importance of EACH factor in determining such choice. [12 marks]
- (c) Outline THREE advantages and TWO disadvantages, **to a manufacturer**, of using intermediary channels. [11 marks]

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION C

MODULE 3: SMALL BUSINESS MANAGEMENT

Answer ONE question from this section.

5. Chemicals Plus is a small business organization engaged in manufacturing chemicals. It is located in Tropical Isle, a Caribbean country where the main focus of the government is the development of small businesses.

(a) Discuss **FOUR** ways in which Chemicals Plus can contribute to the development of Tropical Isle's economy. **[16 marks]**

(b) Describe **THREE** possible difficulties faced by small businesses like Chemicals Plus. **[9 marks]**

Total 25 marks

6. (a) (i) Define the term 'entrepreneur'. **[2 marks]**

(ii) Outline **THREE** characteristics of a successful entrepreneur. **[6 marks]**

(b) Miss Enterprise has recently completed her studies in Early Childhood Education. She now wishes to set up a nursery and after-care business for children, aged 6 months to 3 years, in her neighbourhood.

Identify **FOUR** factors that Miss Enterprise must take into consideration if her business is to succeed and discuss the importance of **EACH** factor to the success of the business.

[17 marks]

Total 25 marks

END OF TEST

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



TEST CODE **02233032**

FORM TP 2012229

MAY/JUNE 2012

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

ADVANCED PROFICIENCY EXAMINATION

MANAGEMENT OF BUSINESS

UNIT 2 – Paper 032

1 hour 30 minutes

24 MAY 2012 (a.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of a case study and **THREE** questions, **ONE** from **EACH** module.
2. Candidates **MUST** answer the **THREE** questions.
3. Begin **EACH** answer on a separate page.
4. Each question is worth **20 marks**.

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02233032/CAPE 2012

INSTRUCTION: Read the case study and answer the questions that follow.

CASE STUDY

Mervyn's Electronic Repair Shop

Mervyn completed a two-year electronics course at the Walcott Technical Institute. After graduating, he was employed as an electronics repair technician at a popular appliance dealer in the commercial section of the town.

After three years on the job, Mervyn felt that he was ready to be his own boss. He enrolled in Burns Management Institute where he obtained a Diploma having attended night school for one year. He informed his boss of his new qualifications but was offered no opportunity for further advancement, nor did he get a salary increase. Mervyn was now determined more than ever to leave the job and open his own repair shop.

An opportunity was soon presented by a friend, who knew of his ambitions and offered to rent him a storefront space at a reasonable cost in a prime developing commercial area. This storefront would suit his needs initially, and he had the option to expand later. Also, there was ample parking space on the road outside these premises, and a bus stop a half-block away.

Mervyn knew from his studies and observations that there were other factors that he would have to consider if he wanted to open his own business and make a profit. Besides having marketing, operations and financial plans, he would need to analyse the market and competitors. In the commercial sector of the town there were many electronic stores where people shopped, however, there were just a few electronic repair shops. The shop at which he worked and the one where his friend worked were very successful. He was not sure of the others. What seemed certain to him was that there were not many electronic stores offering quality service at an affordable price. Mervyn made a silent pledge to emulate the best practices of his competitors including his previous boss. Also, he would strive for continuous improvement in all areas of his operations.

Mervyn approached Devon Bank for a loan to start his business and he was asked to submit a business plan. With the management training he received at the Management Institute, and the assistance of AASB, a government agency that assists small businesses, he prepared a business plan which was accepted by the bank and he obtained the loan required. The preparation of this business plan was itself a challenging task and developed in him a deeper awareness of what he needed to do to be successful. For instance, he was able to do some market research and be more informed about the costs of operations, market demand, the competition and other pertinent matters.

He immediately printed some business cards and distributed them to his friends and potential customers. Mervyn also erected a sign in front of his new premises with the name and telephone number of his business. Taking into consideration the diverse clientele he expected to have, he decided to advertise once a week on a popular website on the Internet. Mervyn now felt ready to take on the competition.

GO ON TO THE NEXT PAGE

1. (a) (i) Define the term 'quality management' as it applies to Mervyn's business. **[2 marks]**
- (ii) Identify and describe TWO techniques which Mervyn plans to use to ensure high quality service in his business. **[6 marks]**
- (b) Discuss THREE important factors relating to the location of Mervyn's business that are **likely** to contribute to its success. **[12 marks]**

Total 20 marks

2. (a) Outline FOUR ways in which Mervyn may benefit from conducting a market research. **[8 marks]**
- (b) Identify THREE environmental forces which may impact Mervyn's business and assess the importance of EACH factor to the success of the business. **[12marks]**

Total 20 marks

3. (a) State TWO benefits and TWO drawbacks that Mervyn may experience if he uses bank overdrafts as a source of short-term finance. **[4 marks]**
- (b) Outline TWO types of services which Mervyn is **likely** to receive from the government's small business agency. **[4 marks]**
- (c) Identify THREE entrepreneurial characteristics displayed by Mervyn and assess the importance of EACH to the success of his business. **[12 marks]**

Total 20 marks

END OF TEST

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



TEST CODE **02133020**

FORM TP 2013227

MAY/JUNE 2013

**CARIBBEAN EXAMINATIONS COUNCIL
CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®**

MANAGEMENT OF BUSINESS

UNIT 1 – Paper 02

2 hours 30 minutes

15 MAY 2013 (p.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of **THREE** sections.
2. Each section consists of **TWO** questions.
3. Candidates **MUST** answer **ONE** question from EACH section.
4. Begin **EACH** question on a separate page.
5. Each question is worth **25 marks**.

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02133020/CAPE 2013

SECTION A

MODULE 1: BUSINESS AND ITS ENVIRONMENT

Answer ONE question from this section.

1. Miss Cookwell is contemplating converting her mobile canteen into a full fast-food restaurant. She is uncertain as to whether to maintain the sole proprietorship or go into a partnership with her two friends – Sally, a chartered accountant and Debbie, a qualified chef.

(a) Outline THREE essential provisions that the partners could include in their partnership deed. **[9 marks]**

(b) Discuss TWO advantages and TWO disadvantages Miss Cookwell may experience if she converts her business from a sole proprietorship to a partnership with her friends. **[16 marks]**

Total 25 marks

2. XYZ Co Ltd, a firm specializing in the manufacturing of chemicals, has reviewed its mission statement to include corporate social responsibility as part of the company's new mission.

(a) Define the term 'mission statement' and state THREE reasons why it is important for XYZ Co Ltd to have a mission statement. **[8 marks]**

(b) (i) Define the term 'social responsibility' as it relates to businesses. **[2 marks]**

(ii) Outline THREE ways in which XYZ Co Ltd can demonstrate social responsibility. **[6 marks]**

(iii) Explain THREE reasons why it is important for XYZ Co Ltd to include social responsibility in its mission statement. **[9 marks]**

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION B

MODULE 2: MANAGEMENT OF PEOPLE

Answer ONE question from this section.

- 3.** Abraham Maslow developed the 'Hierarchy of Needs' Theory of Motivation.
- (a) Identify FIVE **main** levels of Maslow's Hierarchy of Needs and explain how EACH level operates. **[15 marks]**
 - (b) Outline ONE action that managers can take to motivate workers at EACH level of the hierarchy. **[10 marks]**

Total 25 marks

- 4.** Kem-k company is located in a Caribbean island and is involved in the manufacturing of hazardous chemicals. The CEO has decided to put together a team of three managers and other staff to plan for the safety of the company in the event of a natural disaster in the country.
- (a) Differentiate between a 'team' and a 'group'. **[3 marks]**
 - (b) Outline the FIVE stages in the development of a group. **[10 marks]**
 - (c) Discuss THREE characteristics that the team selected must display in order to carry out its task effectively. **[12 marks]**

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION C

MODULE 3: BUSINESS FINANCE AND ACCOUNTING

Answer ONE question from this section.

5. Sugarary Producers Ltd, a small business engaged in sugar cultivation, is experiencing cash flow management problems.

(a) The table below shows the budgeted and actual results for Sugarary Producers' overheads.

Sugarary Producers Ltd

Departments	Budget (US \$)	Actual (US \$)	Variance (US \$)
Production	300 000	240 000	
Human Resources	120 000	140 000	
Marketing	480 000	560 000	

(i) Define the term 'variance'. **[2 marks]**

(ii) Calculate the variances for EACH department at Sugarary Producers Ltd. **[3 marks]**

(iii) State what EACH variance, calculated in (a) (ii) above, indicates about the performance of the company. **[3 marks]**

(b) (i) Define the term 'budget'. **[2 marks]**

(ii) State THREE reasons why it is important for Sugarary Producers to construct a budget. **[3 marks]**

(c) Discuss THREE options that can be considered in order to improve the company's cash flow management. **[12 marks]**

Total 25 marks

GO ON TO THE NEXT PAGE

6. The following are the financial statements of General Hardware Ltd for the year ended 30 June 2012.

Income Statement for the Year Ended 30 June 2012

	\$	\$
Sales		48 000
Opening stock	10 800	
Purchases	<u>36 000</u>	
	46 800	
Closing stock	<u>8 400</u>	
		<u>38 400</u>
Gross profit		9 600
Expenses		<u>1 600</u>
Net profit		<u><u>8 000</u></u>

Balance Sheet as at 30 June 2012

	\$		\$
Fixed Assets	32 000	Opening capital	32 000
Stock	8 400	Net profit	<u>8 000</u>
Debtors	12 000		40 000
Bank	<u>6 600</u>	Drawings	<u>1 200</u>
	<u><u>59 000</u></u>		38 800
		Loans	<u>14 000</u>
			52 800
		Creditors	3 200
		Accrued expenses	<u>3 000</u>
			<u><u>59 000</u></u>

- (a) Compute, to one decimal place, the following ratios for the year ended 30 June 2012.
- (i) Net Profit Margin
 - (ii) Acid Test Ratio
 - (iii) Current Ratio
 - (iv) Stock Turnover
 - (v) Long-term Debt to Equity **[15 marks]**
- (b) Explain what EACH ratio demonstrates about the performance of General Hardware Ltd. **[10 marks]**

Total 25 marks

END OF TEST

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



TEST CODE **02133032**

FORM TP 2013228

MAY/JUNE 2013

CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®

MANAGEMENT OF BUSINESS

UNIT 1 – Paper 032

1 hour 30 minutes

23 MAY 2013 (p.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of a case study and **THREE** questions, **ONE** from **EACH** module.
2. Candidates **MUST** answer the **THREE** questions.
3. Begin **EACH** answer on a separate page.
4. Each question is worth **20 marks**.

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02133032/CAPE 2013

INSTRUCTION: Read the case study and answer the questions that follow.

CASE STUDY

Flavorful Delites

Flavorful Delites is a partnership enterprise that manufactures ice cream. It is located on the busy side of town. The firm was set up in 1998 by three individuals, Gem, Pearl and Sil. Gem holds a degree in Marketing Management, Pearl a degree in Food and Beverage Management and Sil a degree in Finance and Accounts. The three are managers heading different operations in the firm.

The firm started with six employees and presently has a staff complement of twenty, including three departmental supervisors. Recently, Gem and Pearl have been contemplating getting rid of Chuck, the accounting supervisor. He has not been meeting deadlines, his financial statements are usually inaccurate and there has been constant conflict between him and his staff. They complained on numerous occasions about his authoritarian leadership style, the lack of communication on both sides, the clash of personalities, in addition to changes taking place in the organization of which they are not informed. This has resulted in the department not functioning at an efficient level. Sil, the manager of the accounts department, has disagreed with getting rid of Chuck. He says that the company needs to move towards a more team-oriented approach since the majority of the employees are not working towards a common goal. This, he stated, is evident in the individualistic approach of employees and managers towards decision-making in the organization.

The company has recently introduced its new product, 'Healthy-bites', which is a low-fat ice cream cake manufactured in a wide range of flavours. Its marketing strategy has been to aim for the health conscious sector of the market, offering the product at a reasonable price. For the first three months, the product did fairly well on the market and the company was able to record a good profit. However, a number of rival firms, having seen the initial success of 'Healthy-bites' in the market, have developed similar product lines using healthier and more creative flavours.

Flavorful Delites has now realized that its new product no longer stands out in the shops, supermarkets, health food stores and other retail outlets. In addition, there have been drastic reductions in the sale of other products. In what seems like a short period of time the place of these three entrepreneurs in the market has disappeared.

In light of the present competition, the firm is thinking of different strategies, both internal and external, to improve its performance. Among these are (i) converting the business from a partnership to a limited liability company, (ii) introducing the concept of teamwork and (iii) seeking additional finance to enhance its operations.

Gem, Pearl and Sil are all determined not to allow Flavourful Delites to 'melt-away' without a fight.

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1. (a) Define EACH of the following terms:
- (i) Partnership [2 marks]
 - (ii) Limited liability company [2 marks]
- (b) Discuss TWO advantages and TWO disadvantages of converting Flavorful Delites from a partnership to a limited liability company. [16 marks]

Total 20 marks

2. (a) (i) Define the term 'conflict'. [2 marks]
- (ii) Outline TWO possible causes of conflict among the workers in the accounts department. [4 marks]
- (iii) Describe ONE way in which EACH conflict identified in (a) (ii) may be resolved. [4 marks]
- (b) (i) Define the term 'team'. [2 marks]
- (ii) Outline TWO positive impacts and TWO negative impacts that the firm may experience from the utilization of teams. [8 marks]

Total 20 marks

3. (a) Sil decides to use accounting ratios in order to examine the financial performance of the firm.
- (i) Identify TWO ratios he could use to assess the ability of the firm to pay its short-term debts. [2 marks]
 - (ii) Outline ONE limitation of using ratio analysis as a means of assessing the firm's financial position, and explain how this limitation may be overcome. [4 marks]
- (b) Given the present situation facing Flavorful Delites, state THREE reasons why good accounting records may be useful to the managers of the firm. [6 marks]
- (c) Outline FOUR factors that the managers of Flavorful Delites should take into consideration when seeking a source of finance for the firm's operations. [8 marks]

Total 20 marks

END OF TEST

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TEST CODE **02233020**

FORM TP 2013230

MAY/JUNE 2013

**CARIBBEAN EXAMINATIONS COUNCIL
CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®**

MANAGEMENT OF BUSINESS

UNIT 2 – Paper 02

2 hours 30 minutes

30 MAY 2013 (p.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of **THREE** sections.
2. Each section consists of **TWO** questions.
3. Candidates **MUST** answer **ONE** question from EACH section.
4. Begin **EACH** question on a separate page.
5. Each question is worth **25 marks**.

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SECTION A

MODULE 1: PRODUCTION AND OPERATIONS MANAGEMENT

Answer ONE question from this section.

- 1.** BKJ Cement Manufacturing Company has been receiving a lot of complaints from customers about the quality of its products. It is considering implementing certain strategies to improve its products.
- (a) Distinguish between ‘quality control’ and ‘quality assurance’. **[4 marks]**
 - (b) Discuss **THREE** ways in which poor quality can affect the performance of BKJ. **[12 marks]**
 - (c) Outline **THREE** techniques that BKJ can use to improve quality in its organization. **[9 marks]**

Total 25 marks

2. Kazol Wine Inc is planning to introduce a new premium wine on the market. The tasks involved in producing this product, the estimated time required and the order in which the tasks may be undertaken, are given below. (The tasks have been coded.)

Task	Order/Dependency	Estimated time (weeks)
A	must be done first	3
B	can only start when A is completed	5
C	can only start when A is completed	4
D	can only start when B is completed	5
E	can only start when C is completed	6
F	can only start when E is completed	8
G	must wait for D and E to be completed	6
H	can only start when F is completed	5
I	must wait for G and H to be completed	6

- (a) (i) Draw a network diagram to represent the tasks outlined above. **[10 marks]**
- (ii) Determine the length of EACH path. **[2 marks]**
- (iii) Determine the critical path. **[1 mark]**
- (iv) State the expected length of the project. **[1 mark]**
- (v) Calculate the amount of slack time for EACH path. **[2 marks]**
- (b) Kazol Wine Inc uses a flow production system.
- (i) Define the term 'flow production'. **[1 mark]**
- (ii) Outline TWO advantages and TWO disadvantages of a flow production system. **[8 marks]**

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION B

MODULE 2: FUNDAMENTALS OF MARKETING

Answer ONE question from this section.

3. (a) Explain what is meant by EACH of the following marketing strategies:
- (i) Branding [2 marks]
 - (ii) Price skimming [2 marks]
 - (iii) Direct distribution channels [2 marks]
- (b) Discuss ONE advantage and ONE disadvantage of EACH marketing strategy in (a) above. [19 marks]

Total 25 marks

4. Stellar Marketing Research Inc has been asked to conduct a research project for SAM TV company. The TV company wants to find out consumer preferences for different types of programmes and the preferred timing of these programmes. They want the research to be conducted within a six-month period. “Accurate information is a prerequisite and cost is not an issue”, says the chairman of SAM TV company.

- (a) (i) State ONE **main** difference between ‘primary data’ and ‘secondary data’. [2 marks]
- (ii) a) State TWO reasons why primary data would be the preferred type of data for this research. [2 marks]
- b) Identify ONE piece of evidence from the scenario above to support your reasons. [1 mark]
- (iii) Identify FIVE **essential** categories of information that should be contained in the consumer profile. [5 marks]
- (b) (i) Outline THREE **main** differences between ‘probability sampling’ and ‘non-probability sampling’. [6 marks]
- (ii) Stellar Marketing Research Inc has chosen probability sampling. Outline THREE reasons to justify the company’s choice of sampling technique. [9 marks]

Total 25 marks

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SECTION C

MODULE 3: SMALL BUSINESS MANAGEMENT

Answer ONE question from this section.

5. Mrs French, an employee of a marketing company, was laid off due to cost-cutting measures. She wants to enter the world of entrepreneurship by establishing her own business providing janitorial services to the financial district of Cashville.

- (a) Explain what is meant by the term ‘entrepreneur’. **[2 marks]**
- (b) Outline FOUR characteristics that Mrs French should possess in order to be a successful entrepreneur. **[8 marks]**
- (c) Discuss TWO opportunities and THREE challenges that Mrs French may face if she decides to set up his janitorial services business. **[15 marks]**

Total 25 marks

6. Healthy Juices Enterprise, a small supplier of healthy drinks operating in a large residential community, has recently added a new product — Drink Smart to its existing product line. Drink Smart is a 100 per cent natural fruit juice. It is ideal for persons with ‘lifestyle’ diseases. There has been a growing demand for the product. The marketing consultant plans to distribute the product by using a retail channel or a one-level channel.

- (a)
 - (i) Explain what is meant by the term ‘one-level channel’ of distribution. **[2 marks]**
 - (ii) Identify TWO types of retail businesses or outlets that could effectively distribute the company’s new product — ‘Drink Smart’. **[2 marks]**
- (b) Outline THREE **main** factors that may have influenced the marketing consultant’s choice of distribution channel. **[9 marks]**

GO ON TO THE NEXT PAGE

(c) The owners have approached the bank for a loan to assist in the promotional and distribution activities of the business. The bank has requested that they produce a business plan.

- (i) Define the term 'business plan'. **[2 marks]**
- (ii) Describe FOUR components that should be included in the business plan. **[8 marks]**
- (iii) Explain ONE way in which a business plan can be useful to the owners of the business. **[2 marks]**

Total 25 marks

END OF TEST

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TEST CODE **02233032**

FORM TP 2013231

MAY/JUNE 2013

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

C A R I B B E A N A D V A N C E D P R O F I C I E N C Y E X A M I N A T I O N [®]

M A N A G E M E N T O F B U S I N E S S

UNIT 2 – Paper 032

1 hour 30 minutes

28 MAY 2013 (a.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of a case study and **THREE** questions, **ONE** from **EACH** module.
2. Candidates **MUST** answer the **THREE** questions.
3. Begin **EACH** answer on a separate page.
4. Each question is worth **20 marks**.

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02233032/CAPE 2013

INSTRUCTION: Read the case study and answer the questions that follow.

CASE STUDY

Johnny's Furniture Company

Johnny started out in the furniture business at Kenwood Ltd. He worked his way up from the position of an ordinary worker to that of an assistant manager. Over the years, he developed an intimate knowledge of all facets of the business, especially at the technical level.

In 1994, Johnny acquired a modest inheritance from his father. He decided to go into business with a brother who is an accountant. They launched a company called Johnny's Furniture Company. The company started out making mostly indoor furniture for the people of Emerald Isle. There were two other companies selling furniture on the island, including Kenwood Ltd. However, Johnny had built a reputation for good work and honest dealings when he was at Kenwood and he was able to build a core of loyal customers. His new business was located near to suppliers whom he knew very well, so he was able to get the wood and other material he required at reasonable cost. He started the business with nine workers, five of whom were family members.

By 1996, Johnny was doing fairly well in the manufacturing of indoor furniture. He began making outdoor garden furniture for local well-to-do clients. In this market, Johnny had only one competitor whom he soon began to outdistance as word spread, especially in the diplomatic community, of his elegantly finished work. As a result of Johnny's excellent workmanship, a company based in England approached him in 1997 to supply a certain quantity of garden furniture on a regular basis, for what he considered to be a very good price.

Johnny's orders for garden furniture had increased substantially and he hired additional staff. He treated his workers well ensuring that they were trained, worked in a safe and hygienic environment and rewarded good performance with extra pay. His workers did not seek to form a union.

By 1998, Johnny's furniture company had established a niche market for garden furniture in England. As profits of the outdoor furniture soared, he began to cut back drastically on his production of indoor furniture.

By the year 2000, Johnny was formally recognized for his outstanding achievement by the Caribbean Manufacturers' Association who bestowed upon him its highest award. By this time Johnny had a staff of fifty-three persons and was, in local parlance, 'filthy rich'. However, Johnny wanted even more money, so he put most of his profits into Sacho Investment Company, which was paying an eight per cent interest rate.

With the global financial crisis in 2009, Johnny lost all the money he had invested and orders from England shrank drastically. Johnny was now faced with a serious dilemma. He had lost most of his profits, orders had dried up and he had a lot of idle workers. He terminated some workers, sent others on leave but still found that he was operating at a loss. He was faced with the choice of going out of business or trying to restructure with a diversified portfolio. Restructuring required money and it would not be easy for him to access the finance to do so. Also, he had to come to a decision regarding his remaining workers, who had placed their trust in him. What security could he guarantee them? He needed to take action urgently.

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1. (a) Define the term 'productivity'. **[2 marks]**
- (b) Describe TWO actions taken by Johnny, with respect to his workers, that were likely to enhance the productivity of his company. **[4 marks]**
- (c) (i) Describe TWO forecasting techniques that Johnny could have utilized in his business. **[6 marks]**
- (ii) State ONE benefit the company could have derived from EACH technique described in (c) (i) above. **[2 marks]**
- (d) Johnny built a reputation for quality workmanship in the outdoor garden furniture market.
- (i) Define the term 'quality' as it relates to Johnny's business. **[2 marks]**
- (ii) Outline TWO positive effects of quality workmanship on Johnny's business operations. **[4 marks]**

Total 20 marks

2. (a) Outline TWO micro and TWO macro environmental factors that might have been responsible for the high performance of Johnny's Furniture Company. **[8 marks]**
- (b) (i) State THREE marketing strategies that Johnny should set for his business if he decides to remain in business. **[3 marks]**
- (ii) Indicate how EACH strategy identified in (b) (i) above may be achieved. **[3 marks]**
- (c) (i) Explain what is meant by the term 'niche market'. **[2 marks]**
- (ii) Identify ONE example of a niche market from the case. **[1 mark]**
- (iii) State TWO advantages and ONE disadvantage of niche marketing. **[3 marks]**

Total 20 marks

3. (a) Outline THREE ways in which Johnny's Furniture Company contributed to the development of his country. **[6 marks]**
- (b) (i) Identify TWO challenges now facing Johnny's Furniture Company. **[2 marks]**
- (ii) Discuss THREE possible courses of action that Johnny MUST take in order for his business to survive. **[12 marks]**

Total 20 marks

END OF TEST

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



TEST CODE **02133020**

FORM TP 2014228

MAY/JUNE 2014

CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®

MANAGEMENT OF BUSINESS

UNIT 1 – Paper 02

2 hours 30 minutes

14 MAY 2014 (p.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of **THREE** sections: A, B and C.
2. Each section consists of **TWO** questions.
3. Candidates **MUST** answer **ONE** question from **EACH** section.
4. Begin **EACH** question on a separate page.
5. Each question is worth 25 marks.

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02133020/CAPE 2014



SECTION A

MODULE 1: BUSINESS AND ITS ENVIRONMENT

Answer ONE question from this section.

- 1.** The government-owned public transportation (bus) system in Sunset Island has been operating at a loss for the past ten years. The government has announced that it will be privatizing the system.

- (a) Outline the difference between 'privatization' and 'nationalization'. **[4 marks]**
- (b) Explain THREE negative impacts that Sunset Island may experience as a result of the government privatizing the bus system. **[9 marks]**
- (c) Discuss THREE ways in which the country may benefit from the privatization of the bus system. **[12 marks]**

Total 25 marks

- 2.** Globalization has facilitated the growth of multinational corporations (MNCs) in many Caribbean countries.

- (a) Define the terms 'globalization' and 'multinational corporations'. **[4 marks]**
- (b) Outline THREE ways in which the government can encourage the growth of MNCs in your country. **[9 marks]**
- (c) Discuss THREE ways in which an increase in the number of MNCs in the Caribbean may impact businesses in the region. **[12 marks]**

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION B

MODULE 2: MANAGEMENT OF PEOPLE

Answer ONE question from this section.

3. In February, four new workers were added to the production department in Flamingo Fashions Enterprise resulting in the realignment of authority, responsibility and teamwork in the department. Since then, conflict has arisen among teams in the production department.

(a) Define EACH of the following terms:

(i) Authority **[2 marks]**

(ii) Responsibility **[2 marks]**

(b) Explain THREE reasons why conflict may have arisen in the production department at Flamingo Fashion Enterprise. **[9 marks]**

(c) Discuss THREE ways in which Flamingo Fashion Enterprise can benefit from teamwork. **[12 marks]**

Total 25 marks

4. (a) Define EACH of the following types of leadership styles:

(i) Autocratic **[2 marks]**

(ii) Transformational **[2 marks]**

(b) The following are three levels of human needs in Abraham Maslow's Hierarchy of Needs:

(i) Security

(ii) Physiological

(iii) Belongingness and Love

Explain ONE way in which an organization can use compensation to satisfy employees' needs at EACH level. **[9 marks]**

(c) Discuss THREE ways in which an organization can benefit from on-the-job training for employees. **[12 marks]**

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION C

MODULE 3: BUSINESS FINANCE AND ACCOUNTING

Answer ONE question from this section.

5. Effective Solutions Ltd is evaluating its investment options. Table 1 below shows data on the three available options. Table 2 shows the discount factor for Year 1 – Year 10.

TABLE 1: DATA ON THREE AVAILABLE OPTIONS

	Project A	Project B	Project C
Initial investment	\$106 254	\$113 724	\$108 590
Annual cash inflow	\$ 45 000	\$ 30 000	\$ 25 000
Duration (years)	3	5	8

TABLE 2: DISCOUNT FACTOR FOR YEAR 1 – YEAR 10

Year	Discount Factor (12%)
1	0.8928
2	0.7971
3	0.7117
4	0.6355
5	0.5647
6	0.5066
7	0.4523
8	0.4038
9	0.3606
10	0.3219

The firm's cost of capital is 12%.

GO ON TO THE NEXT PAGE

- (a) Compute for EACH project
- (i) the payback period **[6 marks]**
 - (ii) the net present value. **[9 marks]**
- (b) Suggest to the company the **best** investment option based on the net present value method. State a reason to support your answer. **[2 marks]**
- (c) Identify TWO possible sources of finance that Effective Solutions Ltd could consider for the investment project chosen. **[2 marks]**
- (d) Outline THREE factors that Effective Solutions Ltd should consider when choosing a source of finance for the project chosen. **[6 marks]**

Total 25 marks

6. (a) (i) Define the term 'ratio analysis'. [2 marks]
- (ii) State THREE ways in which ratio analysis is important to businesses. [3 marks]
- (b) The following are the financial statements of Ross Enterprise for the year ended 30 June 2013.

Income Statement for the Year Ended 30 June 2013

	\$	\$
Sales		81 600
Opening stock	16 000	
Purchases	64 000	
	<u>80 000</u>	
Closing stock	<u>12 800</u>	
		<u>67 200</u>
Gross profit		14 400
Expenses		<u>3 700</u>
Net profit		<u><u>10 700</u></u>

Balance Sheet as at 30 June 2013

	\$		\$
Fixed Assets	60 000	Opening capital	60 000
Stock	12 800	Net profit	<u>10 700</u>
Debtors	17 600		70 700
Bank	9 500	Drawings	<u>1 600</u>
	<u>99 900</u>		69 100
		Loans	<u>20 000</u>
			89 100
		Creditors	5 600
		Accrued expenses	<u>5 200</u>
			10 800
			<u><u>99 900</u></u>

GO ON TO THE NEXT PAGE

Compute, **correct to one decimal place**, the ratios below for the year ended 30 June 2013, and explain what EACH ratio indicates about the performance of the company.

- | | | |
|-------|-----------------------------|------------------|
| (i) | Acid Test | [5 marks] |
| (ii) | Gearing Ratio | [5 marks] |
| (iii) | Net Profit Margin | [5 marks] |
| (iv) | Return on Capital or Equity | [5 marks] |

Total 25 marks

END OF TEST

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



TEST CODE **02133032**

FORM TP 2014229

MAY/JUNE 2014

CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®

MANAGEMENT OF BUSINESS

UNIT 1 – Paper 032

1 hour 30 minutes

22 MAY 2014 (p.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of a case study and THREE questions.
2. Candidates MUST answer the THREE questions.
3. Begin EACH answer on a separate page.
4. Each question is worth 20 marks.

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02133032/CAPE 2014



INSTRUCTION: Read the case study and answer the questions that follow.

CASE STUDY

The Paper Copy Shop

Paul Paper, affectionately known as Mr P, started a sole trader business offering photocopying services. The name of the business was 'The Paper Copy Shop'. It was located near the Sun City College. The mission statement was "To provide quality photocopying services to our valued customers, at the right time, right place and right price".

For the first two years of operation, the business did extremely well. It provided students with 24-hour access to word processors and copiers at very competitive prices. The firm employed eight persons who were referred to as the 'Paper Team'. The team displayed a high level of commitment towards the achievement of the organization's goals. There was a high level of trust, respect, support and encouragement among the team.

Mr P, the manager, involved the staff in the decision-making process of the firm. He valued their creativity, experience and technical expertise. Mr P held annual staff recognition functions where employees received awards for outstanding performance and customer service.

Mr P was aware of the new trends in the market, with computers and copiers becoming more readily available to students. He realized that although the business was still profitable, he had to start thinking of adding other products to his present line of offerings.

Mr P called a meeting with the staff to get their opinions on his new business idea. Different suggestions were put forward by the team. However, the consensus was that the company should consider shifting its focus from offering photocopying for students to include the sale and rental of 'top of the line' office equipment, such as desktop colour printers and scanners catering mainly to business firms.

The accounting team reported that the accounting records were in order. This was important since Mr P would need to seek additional finance to expand the business. The team must now consider possible sources of finance for the expansion.

GO ON TO THE NEXT PAGE

1. (a) (i) Define the term 'sole trader business'. [2 marks]
- (ii) Outline TWO advantages and TWO disadvantages of operating The Paper Copy Shop as a sole trader business. [8 marks]
- (b) (i) Define the term 'mission statement'. [2 marks]
- (ii) Outline THREE reasons why it is important for The Paper Copy Shop to have a mission statement. [6 marks]
- (iii) State ONE way in which The Paper Copy Shop fulfils its mission statement. [2 marks]

Total 20 marks

2. (a) (i) Define the term 'leadership style'. [2 marks]
- (ii) Outline THREE advantages associated with the leadership style displayed by Mr P. [6 marks]
- (b) Outline ONE indicator of positive staff motivation shown at The Paper Copy Shop and identify the element of Abraham Maslow's Hierarchy of Needs Theory that it addresses. [2 marks]
- (c) (i) Define the term 'team'. [2 marks]
- (ii) Discuss TWO ways in which The Paper Copy Shop may benefit from a team-oriented approach in the decision-making process. [8 marks]

Total 20 marks

3. (a) Outline THREE benefits to The Paper Copy Shop of keeping accurate accounting records. [6 marks]
- (b) Identify TWO possible sources of finance that Mr P could consider for the new business venture. [2 marks]
- (c) Discuss THREE factors that Mr P should consider when choosing a source of finance for the new business venture. [12 marks]

Total 20 marks

END OF TEST

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



TEST CODE **02233020**

FORM TP 2014231

MAY/JUNE 2014

**CARIBBEAN EXAMINATIONS COUNCIL
CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®**

MANAGEMENT OF BUSINESS

UNIT 2 – Paper 02

2 hours 30 minutes

29 MAY 2014 (p.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of **THREE** sections: A, B and C.
2. Each section consists of **TWO** questions.
3. Candidates **MUST** answer **ONE** question from **EACH** section.
4. Begin **EACH** question on a separate page.
5. Each question is worth 25 marks.

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02233020/CAPE 2014



SECTION A

MODULE 1: PRODUCTION AND OPERATIONS MANAGEMENT

Answer ONE question from this section.

- 1.** Cellular-to-the-World, located in Coconut Island in the West Indies, is an electronics gadget firm producing cellular phones. It distributes its products worldwide. In 2013, the firm sold two million phones. This is due to the fact that productivity levels are among the highest in the Caribbean. The presidents of five highly developed countries purchase specialized presidential phones annually for their personal use from Cellular-to-the-World. The firm has adopted the job production and flow production methods.

- (a) (i) Differentiate between 'job production' and 'flow production'. **[4 marks]**
- (ii) Explain ONE reason why the firm may have adopted
- a) the job production method **[3 marks]**
- b) the flow production method. **[3 marks]**
- (b) Outline THREE factors that would influence Cellular-to-the-World's choice of location for its manufacturing plant. **[6 marks]**
- (c) Discuss TWO likely reasons why Cellular-to-the-World has achieved high productivity levels. **[9 marks]**

Total 25 marks

- 2.** Drinks-a-Lot is a highly profitable energy drink manufacturing company operating in the Caribbean. The energy drinks market has been expanding and Drinks-a-Lot wants to capitalize on the opportunities for growth and profitability. The company has considered outsourcing. However, the production manager has warned the president of the company that the business could experience diseconomies of scale.

- (a) (i) State the meaning of the term 'outsourcing'. **[1 mark]**
- (ii) Outline TWO ways in which outsourcing can improve the quality of products. **[4 marks]**
- (iii) Distinguish between 'economies of scale' and 'diseconomies of scale'. **[4 marks]**
- (b) Outline TWO ways in which Drinks-a-Lot can increase its capacity. **[4 marks]**
- (c) Discuss THREE disadvantages to Drinks-a-Lot if it operates at full capacity over the long term. **[12 marks]**

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION B

MODULE 2: FUNDAMENTALS OF MARKETING

Answer ONE question from this section.

3. Viewmaster Glass Products, located in Sparrow Island, has been in the business of manufacturing glass products for the construction industry. When it was formed four years ago, it treated the market as a single entity; however, business has been developing rapidly and several competitors have since entered the market. Viewmaster Glass Products is contemplating segmenting the market in order to serve it better.

- (a) (i) Define the term 'market segmentation'. **[2 marks]**
- (ii) State THREE benefits of market segmentation. **[3 marks]**
- (iii) Outline FOUR bases on which markets are segmented. **[8 marks]**
- (b) (i) At which stage of the product life cycle is Viewmaster Glass Products likely to be? Cite TWO pieces of evidence from the scenario above to support your answer. **[4 marks]**
- (ii) Justify ONE pricing strategy and ONE promotional strategy which the company should adopt while it is at the product life cycle stage identified in (b) (i) above. **[8 marks]**

Total 25 marks

4. G's Stationery and Office Supplies operates in Manatee Island, in the Caribbean. The company uses a direct distribution channel and has never done any formal advertising. The marketing manager wants to focus on advertising and distribution as the company seeks to satisfy customers' needs.

- (a) (i) Distinguish between a 'direct distribution channel' and an 'indirect distribution channel'. **[4 marks]**
- (ii) Outline THREE factors that may influence G's Stationery and Office Supplies to choose a direct distribution channel. **[6 marks]**
- (b) (i) Define the term 'advertising'. **[3 marks]**
- (ii) Discuss THREE ways in which G's Stationery and Office Supplies could benefit from advertising. **[12 marks]**

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION C

MODULE 3: SMALL BUSINESS MANAGEMENT

Answer ONE question from this section.

5. (a) (i) Define the term 'business plan'. [2 marks]
- (ii) Identify TWO components of a business plan. [2 marks]
- (b) (i) State THREE criteria for measuring the size of a business [3 marks]
- (ii) Outline THREE challenges faced by small businesses. [6 marks]
- (c) Discuss THREE advantages that small businesses enjoy which larger businesses do not enjoy. [12 marks]

Total 25 marks

6. (a) (i) Define the term 'entrepreneurship'. [2 marks]
- (ii) Identify THREE characteristics of a successful entrepreneur. [3 marks]
- (iii) State ONE advantage and ONE disadvantage of being an entrepreneur. [2 marks]
- (b) Carl owns a small landscaping business. However, he is spendthrift, ill tempered and does not keep proper accounting records.
- (i) Explain TWO benefits that Carl would enjoy if he were to borrow money from his family or friends to start his landscaping business. [6 marks]
- (ii) Discuss how the THREE characteristics displayed by Carl, may prevent him from becoming a successful entrepreneur. [12 marks]

Total 25 marks

END OF TEST

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TEST CODE **02233032**

FORM TP 2014232

MAY/JUNE 2014

CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®

MANAGEMENT OF BUSINESS

UNIT 2 – Paper 032

1 hour 30 minutes

27 MAY 2014 (a.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of a case study and THREE questions.
2. Candidates MUST answer the THREE questions.
3. Begin EACH answer on a separate page.
4. Each question is worth 20 marks.

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02233032/CAPE 2014



INSTRUCTION: Read the case study and answer the questions that follow.

CASE STUDY

Quick-Eat Pizza Carib

Aysha graduated from ‘The School of Business’ in her hometown with a certificate in small business management. She was always interested in becoming an entrepreneur. Mr Peters, her former lecturer, recalled that as a student, Aysha displayed leadership qualities, and showed great initiative and creativity. However, she was considered very individualistic and impulsive.

Mr Peters told Aysha of a great business idea Quick-Eat Pizza, an American-based pizza company, that was seeking to enter the Caribbean market and was looking for local entrepreneurs to become franchise holders. Aysha could not believe her ears. She jumped at the idea and within four weeks had completed all the paperwork to start operating Quick-Eat Pizza Carib. However, the bank did not approve her loan application because she did not submit a business plan. Aysha thought preparing a business plan was just too time consuming. She decided instead to ask her cousin, Luke, for a loan to fund her start-up costs. Luke had her sign an agreement that she would repay the money in 24 months or he would seize her assets to fund the repayment. Aysha was happy for the no-interest loan and believed that with her abilities and skills, she would have no problem repaying the loan. She was extremely confident that the business would be highly profitable.

Three weeks later Quick-Eat Pizza Carib opened its doors. It was located in one of the rural parishes on the outskirts of the main town, Manett. Within the heart of the town of Manett, there were five other fast food stores — one fried chicken store, two pizza stores, one jerk meat and fish store, and a restaurant that sold traditional foods.

For the first year, the financial situation of Quick-Eat Pizza Carib indicated that the business had merely reached the breakeven point. Aysha expected that sales would increase in the next year. ‘After all, Quick-Eat Pizza had an international reputation and Caribbean people loved American-based products’.

Sometimes Aysha assisted with the serving of meals at the store. On several occasions she heard customers complaining about being served meals that were ‘going stale’. She generally ignored the complaints as she felt she was doing a good job at inventory control management and customers were being unreasonable.

Halfway through the second year of operation of Quick-Eat Pizza Carib, sales began to fall. It became difficult for Aysha to pay her bills, including wages. She was unable to make the usual monthly payments to Luke. Two months later, Quick-Eat Pizza Carib had to close down.

GO ON TO THE NEXT PAGE

1. (a) Define EACH of the following terms:
- (i) Breakeven [2 marks]
 - (ii) Quality control [2 marks]
 - (iii) Inventory control management [2 marks]
- (b) Discuss ONE way in which EACH of the following measures is important to Quick-Eat Pizza Carib.
- (i) Quality control [4 marks]
 - (ii) Inventory control management [4 marks]
- (c) Outline THREE ways in which the location of Quick-Eat Pizza Carib would have contributed to its failure. [6 marks]

Total 20 marks

2. Aysha began operating her business without having done any market research.

- (a) (i) Define the term 'market research'. [2 marks]
- (ii) Discuss ONE way in which market research could have helped Quick-Eat Pizza Carib to be successful. [4 marks]
- (b) Explain ONE way in which EACH of the following micro-environmental factors may have impacted Quick-Eat Pizza Carib.
- (i) Customers [3 marks]
 - (ii) Competitors [3 marks]
- (c) Discuss TWO factors that may have contributed to the decline in sales at Quick-Eat Pizza Carib. [8 marks]

Total 20 marks

GO ON TO THE NEXT PAGE

3. (a) (i) Define the term 'franchise'. [2 marks]
- (ii) State TWO advantages of operating a franchise. [2 marks]
- (b) Discuss ONE entrepreneurial quality displayed by Aysha. [4 marks]
- (c) Discuss ONE way in which any THREE of the following components of a business plan could have prevented the problems that Quick-Eat Pizza Carib encountered.
- (i) Market analysis [4 marks]
- (ii) Marketing plan [4 marks]
- (iii) Financial plan [4 marks]
- (iv) Operational plan [4 marks]

Total 20 marks

END OF TEST

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



TEST CODE **02133020**

FORM TP 2015239

MAY/JUNE 2015

CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®

MANAGEMENT OF BUSINESS

UNIT 1 – Paper 02

2 hours 30 minutes

13 MAY 2015 (p.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of **THREE** sections: A, B and C.
2. Each section consists of **TWO** questions.
3. Candidates **MUST** answer **ONE** question from **EACH** section.
4. Begin **EACH** question on a separate page.
5. Each question is worth 25 marks.

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02133020/CAPE 2015



SECTION A

MODULE 1: BUSINESS AND ITS ENVIRONMENT

Answer ONE question from this section.

- 1.** Mr Moon's restaurant is currently facing increasing competition from nearby restaurants. His partner has suggested including burgers and jerk chicken on the menu, but Mr Moon is not sure that this will solve the problem.
- (a) Define the term 'decision making'. **[2 marks]**
- (b) Outline TWO ways in which EACH of the following environmental factors may impact Mr Moon's decision to add jerk chicken or burgers to his offerings.
- (i) Information technology **[4 marks]**
- (ii) Government regulations **[4 marks]**
- (c) Discuss how EACH of the following steps in the rational decision making model may assist Mr Moon in deciding which option to choose.
- (i) Definition of problem **[3 marks]**
- (ii) Collection of data **[3 marks]**
- (iii) Development and analysis of alternatives **[3 marks]**
- (iv) Selection and implementation of alternatives **[3 marks]**
- (v) Evaluation **[3 marks]**

Total 25 marks

2. Mr Star operates a small electronics store on a Caribbean island. The store specializes in the sale and repair of computers and cellphones. In today's globalized economy, Mr Star is becoming quite anxious about the survival of his firm, given the increased competition from large firms entering the market.

(a) Define the term 'trade liberalization', giving an example. **[3 marks]**

(b) Outline how EACH of the following features of information is important to Mr Star in light of the globalized economy in which his firm is operating.

(i) Relevance **[2 marks]**

(ii) Accuracy **[2 marks]**

(iii) Timeliness **[2 marks]**

(c) Discuss TWO positive and TWO negative impacts of globalization on Mr Star's business. **[16 marks]**

Total 25 marks

SECTION B

MODULE 2: MANAGEMENT OF PEOPLE

Answer ONE question from this section.

3. Quick & Smart Supermarket recently acquired the assets of Chin's Self-Serve. Employees from both organizations must now work together to achieve the same goals. New management has been employed to operate Quick & Smart. Workers at Quick & Smart are complaining about the numerous changes that are taking place at the organization almost weekly, and that the managers do not seem to care about them at all.

- (a) Define EACH of the following terms:
- (i) Change management **[2 marks]**
 - (ii) Resistance to change **[2 marks]**
- (b) Explain THREE likely reasons why the workers at Quick & Smart Supermarket are complaining about the changes that are taking place at their organization. **[9 marks]**
- (c) Discuss THREE strategies that the senior managers of Quick & Smart Supermarket could adopt to manage the employees' resistance to the change. **[12 marks]**

Total 25 marks

4. Digits Ltd wants to increase its profitability in the cellphone market in the face of heavy competition from overseas cellphone service providers. The Human Resource Manager has decided that her department will focus on performance management in order to ensure that the employees provide excellent service to customers thereby increasing sales and profits to the company.

- (a) Explain EACH of the following functions that the human resource manager at Digits Ltd has to perform:
- (i) Recruitment **[3 marks]**
 - (ii) Selection **[3 marks]**
 - (iii) Compensation **[3 marks]**
- (b) Distinguish between 'performance management' and 'performance appraisal'. **[4 marks]**
- (c) It is said that performance appraisals must be done fairly in order to motivate workers to perform at their best. Discuss THREE ways in which the management of Digits Ltd can be fair in conducting the performance appraisal of workers. **[12 marks]**

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION C

MODULE 3: BUSINESS FINANCE AND ACCOUNTING

Answer ONE question from this section.

5. The following information was taken from the records of Tropics Food Retailers Ltd and Carib Food Retailers Ltd for the year 2013.

Company	Current Assets (\$m)	Current Liabilities (\$m)
Tropics Food Retailers Ltd	120	60
Carib Food Retailers Ltd	480	480

- (a) (i) Define the term 'ratio analysis'. **[2 marks]**
- (ii) Outline TWO limitations of ratio analysis. **[4 marks]**
- (b) (i) Compute the current ratio for Tropics Food Retailers Ltd and Carib Food Retailers Ltd. **[3 marks]**
- (ii) Compare the performance of both companies based on your answer in (b) (i) above, highlighting TWO important points. **[4 marks]**
- (c) Accountants use ratios to assess various dimensions of financial performance of a business.

Explain how EACH of the following ratios may be useful in assessing the performance of Tropics Food Retailers Ltd and Carib Food Retailers Ltd.

- (i) Liquidity **[3 marks]**
- (ii) Profitability **[3 marks]**
- (iii) Efficiency **[3 marks]**
- (iv) Gearing **[3 marks]**

Total 25 marks

GO ON TO THE NEXT PAGE

6. Bob's Co Ltd is trying to decide whether to invest in a project which has an initial investment of \$200 000. The following table outlines the cash flows from Years 1 to 4 assuming a discount rate of 10%.

End of Year	Cash Flow (\$)	Discount Factor
1	60 000	0.909
2	80 000	0.826
3	40 000	0.751
4	60 000	0.683

- (a) Define the term 'investment'. **[2 marks]**
- (b) State TWO advantages and TWO disadvantages of EACH of the following investment appraisal methods.
- (i) Payback period **[4 marks]**
 - (ii) Net present value (NPV) **[4 marks]**
 - (iii) Average rate of return **[4 marks]**
- (c) (i) Compute the net present value for the project. **[6 marks]**
- (ii) State whether or not Bob's Co Ltd should invest in the project, outlining TWO reasons for your answer. **[5 marks]**

Total 25 marks

END OF TEST

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



TEST CODE **02133032**

FORM TP 2015240

MAY/JUNE 2015

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

C A R I B B E A N A D V A N C E D P R O F I C I E N C Y E X A M I N A T I O N [®]

M A N A G E M E N T O F B U S I N E S S

U N I T 1 – P a p e r 0 3 2

1 hour 30 minutes

21 MAY 2015 (p.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of a case study and THREE questions.
2. Candidates MUST answer the THREE questions.
3. Begin EACH answer on a separate page.
4. Each question is worth 20 marks.

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02133032/CAPE 2015



INSTRUCTION: Read the case study and answer the questions that follow.

CASE STUDY

Tiles “R” Us Company Ltd

Tiles “R” Us Company Ltd is a private limited company with two major shareholders and directors: John, the managing director, and his brother Jake. The company started operations in May 2010 with a staff complement of two tilers, one driver, a clerical assistant and an accountant. The main objective of the business was to offer tiling services to both commercial and residential developments.

With the increase in the number of housing developments in the country, there was a growing demand for the services offered by Tiles “R” Us Company Ltd. In addition, many large multinational firms were entering the industry, hence, competition was one of the major challenges faced by Tiles “R” Us Company Ltd. In August 2014, the company employed two additional tilers. After completing their first job, John realized that the tilers needed training. He received complaints about jobs not properly done. Also, the two new employees who reported directly to John, and this created a conflict between them and Rusty, their supervisor.

In October 2014, the firm was offered two major tiling jobs. One was a housing development and the other a commercial development. Since the commencement date for both projects was the same, John realized that his company had to choose one. He was very excited about the offers and decided to call a meeting to inform his staff.

“Boss, this is our big chance to make some real good money but it will require real teamwork” said Rusty, one of the company’s most experienced and senior tilers.

“Yeah,” replied John, “but we do have a lot of things to put in place before we can accept one of the offers.”

“Before we make a decision on the offers, we will need to examine our accounting records to assess our performance for this quarter, since we may need to seek finance,” said John to Bill, the accountant.

“That’s true,” replied Bill. “We have to examine the need as well as the sources of finance. We must also do an assessment to determine which project to invest in.” Both men thanked the staff for coming and headed in the direction of the office to have their own private meeting.

GO ON TO THE NEXT PAGE

1. (a) Identify the level of activity in which Tiles “R” Us Company Ltd is engaged. Give a reason for your answer. **[3 marks]**
- (b) Explain ONE negative impact that EACH of the following could have on Tiles “R” Us Company Ltd.
- (i) Globalization **[3 marks]**
 - (ii) Economic constraints **[3 marks]**
 - (iii) Human resources constraints **[3 marks]**
- (c) Discuss ONE advantage and ONE disadvantage of operating Tiles “R” Us as a private limited company. **[8 marks]**

Total 20 marks

2. (a) (i) Define the term ‘chain of command’. **[2 marks]**
- (ii) Cite ONE example from the case where the chain of command was NOT followed. **[2 marks]**
- (b) (i) Outline ONE possible cause of conflict between the two new tilers and Rusty, and suggest ONE way in which this conflict could be managed. **[4 marks]**
- (ii) Outline TWO possible benefits of training to Tiles “R” Us Company Ltd. **[4 marks]**
- (c) Discuss TWO possible benefits that Tiles “R” Us Company Ltd would enjoy if the company adopts a team-oriented approach to decision making. **[8 marks]**

Total 20 marks

3. (a) Identify THREE possible sources of finance that Tiles “R” Us Company Ltd could use to finance the project. State ONE reason for EACH choice. **[6 marks]**
- (b) Outline THREE disadvantages to the company of not keeping good accounting records. **[6 marks]**
- (c) Discuss TWO advantages of budgets to the company. **[8 marks]**

Total 20 marks

END OF TEST

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



TEST CODE **02233020**

FORM TP 2015242

MAY/JUNE 2015

**CARIBBEAN EXAMINATIONS COUNCIL
CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®**

MANAGEMENT OF BUSINESS

UNIT 2 – Paper 02

2 hours 30 minutes

28 MAY 2015 (p.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of **THREE** sections: A, B and C.
2. Each section consists of **TWO** questions.
3. Candidates **MUST** answer **ONE** question from **EACH** section.
4. Begin **EACH** question on a separate page.
5. Each question is worth 25 marks.

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02233020/CAPE 2015



SECTION A

MODULE 1: PRODUCTION AND OPERATIONS MANAGEMENT

Answer ONE question from this section.

- 1.** Unique Uniforms Ltd (UUL) supplies uniforms to banks in the country. They use the same sky blue satin gabardine fabric in the manufacture of most uniforms. Alex Alps, general manager of UUL, has adopted the economic order quantity (EOQ) instead of the just-in-time inventory management method.

- (a) Define EACH of the following terms:
- (i) Economic order quantity **[2 marks]**
 - (ii) Just-in-time **[2 marks]**
 - (iii) Inventory management **[2 marks]**

The following are inventory management data for UUL:

Ordering cost = USD\$350.00
Holding cost = USD\$700.00
Annual demand = 3 000 metres of fabric

- (b) (i) State the formula for calculating economic order quantity. **[1 mark]**
- (ii) Calculate the economic order quantity for the sky blue gabardine fabric used by Unique Uniforms Ltd. **[6 marks]**
- (c) Discuss THREE ways in which Unique Uniforms Ltd can benefit from having a proper inventory management system. **[12 marks]**

Total 25 marks

- 2.** Quality Homes constructs and repairs residential and commercial buildings. Because of the heavy competition in the construction industry, the senior management team wants to pay attention to quality in all areas of the business to ensure that the company remains profitable and increases its market share. The company has applied for certification from the International Standards Organization (ISO).

- (a) Distinguish between 'quality control' and 'quality assurance'. **[4 marks]**
- (b) Explain THREE ways in which Quality Homes can benefit from ISO certification. **[9 marks]**
- (c) Discuss THREE dimensions of quality with which Quality Homes must comply in order to make the claim that it has produced superior buildings. **[12 marks]**

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION B

MODULE 2: FUNDAMENTALS OF MARKETING

Answer ONE question from this section.

3. Ms Healthy is the owner of Lifestyle Juices Enterprise which manufactures natural juices. She is contemplating conducting a marketing research project to determine whether her new product 'Tango Root' would do well on the market.

- (a) (i) Define the term 'marketing research'. **[3 marks]**
- (ii) State TWO limitations of marketing research. **[2 marks]**
- (b) Outline TWO advantages and TWO disadvantages that Lifestyle Juices Enterprise would experience if it adopts a 'competition pricing' strategy for its new product, 'Tango Root'. **[8 marks]**
- (c) Discuss THREE ways in which marketing research may be beneficial to the firm in deciding whether or not its new product, 'Tango Root', would be successful on the market. **[12 marks]**

Total 25 marks

4. Mr Beddy, owner of Creative Furniture Enterprise, recently attended a marketing seminar and has noted the following key concepts which he believes would be useful if applied in his business:

- Branding
- Niche marketing
- Internet marketing
- Indirect channel

- (a) (i) Define the term 'branding'. **[3 marks]**
- (ii) State TWO benefits of niche marketing to Creative Furniture Enterprise. **[2 marks]**
- (b) Outline TWO possible opportunities and TWO possible challenges that Mr Beddy could face if he decides to use Internet marketing as a means of promoting his products. **[8 marks]**
- (c) Discuss THREE possible benefits that Mr Beddy would enjoy if he uses an indirect channel for the distribution of his products. **[12 marks]**

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION C

MODULE 3: SMALL BUSINESS MANAGEMENT

Answer ONE question from this section.

5. H2O Purified Drinking Water sells 10 000 bottles of 500 ml water each month. The owners, Patsy (a computer programmer) and Pete (an engineer), manage and operate all aspects of the business. The government of the country where they live has classified H2O Purified Drinking Water as a small business.

- (a) Outline TWO established criteria that governments use to measure the size of businesses. **[4 marks]**
- (b) Explain THREE challenges that H2O is likely to face as a small business. **[9 marks]**
- (c) Discuss THREE advantages that H2O will enjoy as a small business. **[12 marks]**

Total 25 marks

6. Joe and John have registered a partnership business called Live N Drive to sell new and used cars. The Live N Drive website advertises the products on sale and allows persons to view and choose the vehicle they like as well as make the required 10% deposit online. Joe and John expect that their e-commerce operations will increase their profitability.

- (a) Define EACH of the following terms:
- (i) E-commerce **[2 marks]**
- (ii) Partnership **[2 marks]**
- (b) Explain THREE ways in which the e-commerce operations can contribute to increased sales at Live N Drive. **[9 marks]**
- (c) Discuss THREE ways in which Live N Drive could expand its e-commerce business. **[12 marks]**

Total 25 marks

END OF TEST

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



TEST CODE **02233032**

FORM TP 2015243

MAY/JUNE 2015

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

C A R I B B E A N A D V A N C E D P R O F I C I E N C Y E X A M I N A T I O N [®]

M A N A G E M E N T O F B U S I N E S S

U N I T 2 – P a p e r 0 3 2

1 hour 30 minutes

26 MAY 2015 (a.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of a case study and THREE questions.
2. Candidates MUST answer the THREE questions.
3. Begin EACH answer on a separate page.
4. Each question is worth 20 marks.

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02233032/CAPE 2015



INSTRUCTION: Read the case study and answer the questions that follow.

CASE STUDY

Magical Sandals Inc

Magical Sandals Enterprise manufactures a variety of creatively designed ladies sandals. Barry Black is the sole proprietor. He has one general worker who helps with cleaning and preparing the material.

Barry graduated from high school five years ago with a Grade I in Visual Arts. He was unable to find a job and his parents could not afford to send him to college so they encouraged him to become an entrepreneur.

When Barry started his sandals business, his main market was the people in his community. They liked the sandals and so used word-of-mouth to spread the good news. Soon Barry began to get customers from nearby Caribbean islands. His customers suggested that he named the business Magical Sandals Enterprise as they thought his product line was truly fashionable and magical. Some ladies even claimed that as a result of wearing sandals from Magical Sandals Enterprise they were able to grab the attention of men who later became their husbands.

The prices of Barry's sandals are lower than those of his competitors and the quality and aesthetics are far better than those of rival stores. Barry and his customers have a really good relationship. He knows most of them and they have both his business and cellphone numbers.

Barry does all the product designs manually. He shrugs at suggestions to adopt computer aided design (CAD) methods. He utilizes the 'job production' method and does all the technical work himself. Six months ago Barry paid an IT expert to set up a website for Magical Sandals Enterprise. The website only shows samples of his line of fashionable sandals including the prices, the address of the business and opening hours.

Most days, Barry works until midnight and is usually on the job by 6 o'clock the next morning, making sandals to fill the orders from his large Caribbean clientele. He is often behind in filling the orders as he cannot make the sandals as quickly as they are sold.

Both customers and friends have encouraged Barry to expand the business so that he can improve his profits. Barry complains that he is not able to secure funding to pay for the expansion. All the banks have turned down his loan applications. They said that he needs to have a business plan as well as collateral to qualify for funding. Barry does not know what is meant by 'business plan' so he has given up on seeking funding.

GO ON TO THE NEXT PAGE

1. (a) Outline THREE ways in which Barry can increase the volume of his production. **[6 marks]**
- (b) Explain TWO ways in which Barry could benefit from using computer aided design (CAD) in the production of his sandals. **[6 marks]**
- (c) Discuss TWO benefits of the 'job production' method used by Barry. **[8 marks]**

Total 20 marks

2. (a) Barry uses the 'product concept' of marketing. Outline THREE implications of this approach for Barry's business. **[6 marks]**
- (b) Explain TWO ways in which Barry's business benefitted from the 'word-of-mouth' advertising strategy. **[6 marks]**
- (c) Discuss TWO ways in which the website can be improved in order to increase sales at Magical Sandals Enterprise. **[8 marks]**

Total 20 marks

3. (a) Outline TWO advantages and ONE disadvantage of the sole trader form of business like Magical Sandals Enterprise. **[6 marks]**
- (b) Explain TWO ways in which Magical Sandals Enterprise can benefit from having a business plan. **[6 marks]**
- (c) Discuss TWO reasons why it is important for Barry to have collateral in order to secure a loan for the bank. **[8 marks]**

Total 20 marks

END OF TEST

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



C A R I B B E A N E X A M I N A T I O N S C O U N C I L

C A R I B B E A N A D V A N C E D P R O F I C I E N C Y E X A M I N A T I O N [®]

M A N A G E M E N T O F B U S I N E S S

U N I T 1 – P a p e r 0 2

2 hours 30 minutes

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of **THREE** sections: A, B and C. Each section consists of **TWO** questions.
2. Candidates **MUST** answer **ONE** question from **EACH** section.
3. Write your answers in the spaces provided in this booklet.
4. Do **NOT** write in the margins.
5. 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.**
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SECTION A

MODULE 1: BUSINESS AND ITS ENVIRONMENT

Answer ONE question from this section.

1. Household Chemical Ltd is a newly established company in the community of Water Isle. Some residents are concerned that the chemical production may have a negative impact on their environment. The company has decided to focus on ‘good corporate governance’ as an objective to boost the company’s image.

- (a) (i) Define the term ‘corporate governance’. **[2 marks]**
- (ii) State TWO examples of good corporate governance strategies that Household Chemical Ltd can adopt. **[2 marks]**
- (b) Explain THREE reasons why it is important for Household Chemical Ltd to practise good corporate governance. **[9 marks]**
- (c) Discuss THREE objectives of a typical business organization. **[12 marks]**

Total 25 marks

2. Tyre Repairs & Services Ltd has been operating without a mission and vision statement since the incorporation of the company. In light of the competitive environment, the board of directors has decided to create mission and vision statements for the company.

- (a) (i) Define the term ‘mission statement’. **[3 marks]**
- (ii) Outline THREE reasons why a mission statement is important to Tyre Repairs & Services Ltd. **[6 marks]**
- (b) Differentiate between a ‘vision statement’ and a ‘mission statement’. **[4 marks]**
- (c) Discuss ONE way in which EACH of the following factors will affect decision-making at Tyre Repairs & Services Ltd.
 - (i) Technology
 - (ii) Globalization
 - (iii) Legal regulations **[12 marks]**

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION B

MODULE 2: MANAGEMENT OF PEOPLE

Answer ONE question from this section.

3. IT Global produces software programmes for the banking and finance industry in Lovely Island. The company received the Best Business Practice Award because of its successful application of the Hawthorne Effect to the management of workers.

(a) Define EACH of the following terms:

(i) Management [2 marks]

(ii) Hawthorne Effect [2 marks]

(b) Explain THREE ways in which IT Global could benefit from applying Frederick Taylor's Scientific Management principles. [9 marks]

(c) Discuss THREE advantages that IT Global is likely to experience from adopting the Hawthorne Approach to managing its workers. [12 marks]

Total 25 marks

4. Eco Bank Ltd has decided to conduct its monthly meeting with the nine international branches by video conferencing because of the many benefits of this method. The meeting was convened to address increasing rumours in the organization about pending management changes and staff disgruntlement about the way information is communicated to them.

(a) Outline TWO advantages to Eco Bank Ltd of using video conferencing to conduct its monthly meetings. [4 marks]

(b) Explain THREE benefits of effective communication to Eco Bank Ltd. [9 marks]

(c) Discuss THREE possible problems associated with the use of the informal channels of communication at Eco Bank Ltd. [12 marks]

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION C

MODULE 3: BUSINESS FINANCE AND ACCOUNTING

Answer ONE question from this section.

5. The published accounts of Carib Vibes Ltd contains the following information relating to the operation of the business for the last two years (2014–2015).

Year	Capital Employed	Net Profit	Gross Profit	Sales Turnover
2014	4.5	0.75	1.35	5.0
2015	3.0	0.375	1.025	4.10

- (a) Using the information in the table above, calculate the following profitability ratios for the years 2014 and 2015 and use your results to assess the performance of the company over the two-year period.
- (i) Gross profit margin [5 marks]
 - (ii) Net profit margin [5 marks]
 - (iii) Return on capital employed [5 marks]
- (b) Explain TWO limitations of using accounting ratios to assess the performance of a firm and suggest how EACH limitation may be overcome. [10 marks]

Total 25 marks

GO ON TO THE NEXT PAGE

6. Bill is the owner of a small manufacturing juice business called Tropical Juices Ltd. The business is in the process of examining its cash flow and budgeted statements in order to make some informed decisions.

- (a) (i) Define the term 'cash flow statement'. [2 marks]
- (ii) Outline TWO advantages of a cash flow statement to the operations of Bill's business. [4 marks]

The following table shows the budgeted and actual overheads of Tropical Juices Ltd.

Budgeted and Actual Overheads of Tropical Juices Ltd

Departments	Budget (US\$)	Actual (US\$)	Variance (US\$)
Production	150 000	120 000	
Human Resources	60 000	70 000	
Marketing	240 000	280 000	

- (b) Define EACH of the following terms:
 - (i) Variance [2 marks]
 - (ii) Budget [2 marks]
- (c) Calculate the variances for EACH department at Tropical Juices Ltd. [3 marks]
- (d) Explain FOUR benefits of budgeting to Tropical Juices Ltd. [12 marks]

Total 25 marks

FORM TP 2016254



TEST CODE 02133032

MAY/JUNE 2016

CARIBBEAN EXAMINATIONS COUNCIL
CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®

MANAGEMENT OF BUSINESS

UNIT 1 – Paper 032

1 hour 30 minutes

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of a case study and THREE questions. Answer ALL questions.
2. Write your answers in the spaces provided in this booklet.
3. Do NOT write in the margins.
4. 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.**
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02133032/CAPE 2016

“*”Barcode Area”*”
Sequential Bar Code

INSTRUCTIONS: Read the case study and answer the questions that follow.

CASE STUDY

One-Stop Jerk Shop

Mr Sauce was employed as a cook in a family business in Lilly Valley for ten years. The restaurant, Delicious-Jerk, was the first of its kind in Lilly Valley. It specializes in a Caribbean cuisine offering a special “Jerk Chicken” dish flavoured with a mix of spicy Caribbean seasoning. Its customers were a mixture of employees from a nearby commercial complex, local residents and a few tourists. Over a ten-year period, the owners of the business became very successful entrepreneurs.

Mr Sauce, inspired by how well Delicious-Jerk was doing, looked for a suitable place to locate a jerk restaurant of his own, offering the same kind of cuisine. After searching for two months, he decided that Matchville, a small town located in very close proximity to Lilly Valley, would be the ideal location for the following reasons:

- Matchville had no restaurant that offered this unique type of cuisine.
- The unemployment rate was relatively low.
- Tourists visited the area regularly and usually displayed a great love for Caribbean cuisine.
- A busy commercial complex and an industrial complex were located nearby.

Mr Sauce leased a shop on Easy Street, one of the busiest streets in Matchville, for a five-year period. Two weeks later, Mr Sauce opened the doors of his business, One-Stop Jerk Shop, to the public. A sign bearing the name of the business lit up at night. His accounting activities on a monthly basis included, stock (inventories) \$500 000, salaries \$400 000, trade debtors \$100 000, trade creditors \$ 50 000, rent and other utilities \$60 000. The business was a sole proprietorship with ten employees consisting of three cashiers, one cook, three cleaners, an accountant, two servers and an office clerk. All these staff members reported to Mr Sauce, the manager.

After six months of operation, Mr Sauce was deeply concerned. He had a problem supervising all his staff members; which resulted in some things not getting done. His customers started complaining about the poor service offered by the restaurant. They had to wait a long time for the meals to be prepared as well as to be served. On many occasions, the employees were not courteous. In addition, the dining area could not accommodate the lunch-hour crowd so a number of the customers left and never returned.

After reviewing his books, Mr Sauce realized that the income generated from the business was just sufficient to cover his operating expenses. Mr Sauce knew he had to do something quickly. He considered the following options:

- Possible expansion and where to seek the financing for such a project
- Forming a partnership or a limited liability company with two other family members to share expenses and other management responsibilities
- Employing more staff and/or training existing staff

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1. (a) Identify the type of economic activity in which One-Stop Jerk Shop is engaged. Give ONE reason for your answer.

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[2 marks]

- (b) Explain ONE way in which ONE 'social factor' and ONE 'economic factor' may have influenced Mr Sauce's decision to locate his business in Matchville.

(i) Social factor:

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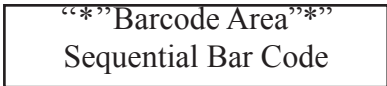
[3 marks]

(ii) Economic factor:

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[3 marks]

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(c) Discuss ONE way in which EACH of the following ratios would assist Mr Sauce in analysing the performance of his business:

(i) Net profit ratio

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[4 marks]

(ii) Current ratio

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[4 marks]

Total 20 marks

END OF TEST

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

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CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®

MANAGEMENT OF BUSINESS

UNIT 2 – Paper 02

2 hours 30 minutes

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of THREE sections: A, B and C. Each section consists of TWO questions.
2. Candidates MUST answer ONE question from EACH section.
3. Write your answers in the spaces provided in this booklet.
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SECTION A

MODULE 1: PRODUCTION AND OPERATIONS MANAGEMENT

Answer ONE question from this section.

1. Product sales of Wireless Engineering have been declining steadily over the past two years. Studies have shown that consumer buying behaviour does not match the forecasts that were made prior to production. Wireless Engineering has been using the 'sales force composite method'. The new production manager has suggested that either the consumer survey method or the moving average method be adopted.

- (a) Define EACH of the following terms:
 - (i) Forecasting [2 marks]
 - (ii) Moving average [2 marks]
- (b) Explain THREE reasons why the sales force composite method may not be giving an accurate picture of consumer buying behaviour. [9 marks]
- (c) Discuss THREE ways in which Wireless Engineering may benefit from using the consumer survey method of forecasting. [12 marks]

Total 25 marks

2. Edwards' Air Conditioning must reduce its operating expenses in order to remain profitable. The production manager is required to keep production cost at a manageable level. He wants to outsource one of the components of the manufacturing process. He also wants to determine the indirect costs.

- (a) Differentiate between 'direct costs' and 'indirect costs'. [4 marks]
- (b) Explain THREE factors that Edwards' Air Conditioning should consider in determining whether to make or buy the manufacturing component. [9 marks]
- (c) Discuss THREE reasons why it is important for Edwards' Air Conditioning to keep its production cost at a manageable level. [12 marks]

Total 25 marks

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SECTION B

MODULE 2: FUNDAMENTALS OF MARKETING

Answer ONE question from this section.

3. (a) (i) Define the term 'sales promotion'. [2 marks]
- (ii) Identify THREE sales promotion techniques. [3 marks]
- (b) Differentiate between 'informative advertising' and 'persuasive advertising', outlining ONE situation in which EACH would be most effective. [8 marks]
- (c) One major advertising decision is the choice of media to use as a means of transmitting the message.

Discuss THREE factors that may influence the choice of media. [12 marks]

Total 25 marks

4. (a) (i) Define the term 'branding'. [2 marks]
- (ii) State THREE benefits of branding to an organization. [3 marks]
- (b) Differentiate between 'price skimming' and 'penetration pricing', outlining ONE situation in which EACH would be most appropriate. [8 marks]
- (c) Discuss EACH of the following stages in the new product development process:
- (i) Idea generation [4 marks]
- (ii) Product development [4 marks]
- (iii) Market testing [4 marks]

Total 25 marks

GO ON TO THE NEXT PAGE

SECTION C

MODULE 3: SMALL BUSINESS MANAGEMENT

Answer ONE question from this section.

5. Excel Electronics Ltd is a multinational company with branches in three countries. At a recent management meeting it was decided that the company would adopt social entrepreneurship as a management strategy.

- (a) Differentiate between 'entrepreneurship' and 'intrapreneurship'. **[4 marks]**
- (b) Explain THREE social entrepreneurship features that Excel Electronics may adopt given the management decision. **[9 marks]**
- (c) Discuss THREE characteristics of successful entrepreneurs. **[12 marks]**

Total 25 marks

6. Johnny wants to start a photography business so that he can supplement his earnings. He is uncertain as to whether the business should adopt the sole trader or partnership form.

- (a) Differentiate between a 'sole trader' and a 'partnership'. **[4 marks]**
- (b) Explain THREE benefits that Johnny would enjoy if he adopts the sole trader form of business. **[9 marks]**
- (c) Discuss THREE challenges that Johnny, as a small business owner, could face in sourcing capital for his business. **[12 marks]**

Total 25 marks

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FORM TP 2016257



TEST CODE 02233032

MAY/JUNE 2016

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CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®

MANAGEMENT OF BUSINESS

UNIT 2 – Paper 032

1 hour 30 minutes

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of a case study and THREE questions. Answer ALL questions.
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02233032/CAPE 2016

“*”Barcode Area”*”
Sequential Bar Code

INSTRUCTIONS: Read the case study and answer the questions that follow.

CASE STUDY

Fish ‘n’ More

Pete and Crystal graduated from university in November 2015. Pete pursued a degree in agriculture while Crystal’s degree was in management. They decided to start a seafoods business, Fish ‘n’ More, in the heart of the town of Padmore. They would sell wholesale seafood as well as operate a restaurant selling cooked seafood meals. They bought a high-tech fishing boat and a refrigerated truck. Pete and Crystal identified a very large store for rent at HiLight Plaza, the largest plaza in Padmore. They decided to divide the building into two so that one entrance would lead to the wholesale seafood sales store and the other entrance would lead to a fine dining seafood restaurant. The hiring of ten staff members was carefully done. This included fishermen, store clerks, sales clerks and drivers. Pete oversees the fishing operations and Crystal takes care of the other management functions.

Pete and Crystal developed their business plan, secured a start-up loan of US\$8000 from the bank and began operations in February. The new operation began just in time for Christians’ celebration of Lent (March to April) when people usually avoid meats and eat mostly fish. For the first year, the average monthly revenue from the wholesale store was US\$3500 while the average annual revenue from the restaurant was US\$1200.

The following table gives details of the fish project from the start of production until the product gets to all the distribution outlets.

Fish processing and distribution project with activity times (in days)

Activity	Immediate Predecessor	Activity Time (in days)
A. Sorting and storing (all produce)	–	1
B. Removing the scales and other unwanted parts from fish (all produce)	A	4
C. Packaging uncooked fish	B	2
D. Preparing fish for cooking	B	1
E. Cooking fish	D	3
F. Airtight wrapping of cooked fish	E	2
G. Pricing	C, F	1
H. Transporting to outlets	G	2

GO ON TO THE NEXT PAGE

Crystal told Pete that they can reduce costs and increase efficiency if they work backwards from the point of distribution to see how best to deploy the resources of the business.

Over time it became clear that some segments of the market were not being served. These were persons who either could not afford to purchase large quantities in order to benefit from the wholesale prices, or could not afford the prices at the fine dining seafood restaurant. When Crystal calculated the potential loss of sale experienced by the exclusion of this customer segment, it was approximately US\$2500 annually.

1. (a) Define EACH of the following terms:

(i) Critical path

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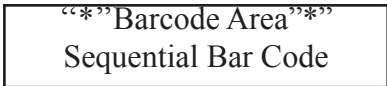
[2 marks]

(ii) Project management

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[2 marks]

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The table in the case gives details of the fish project for Fish 'n' More, outlining all activities of the project. Use the information in the table to answer (1) (b) and (c).

- (b) (i) List the project activities that must be included in the critical path.

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[4 marks]

- (ii) Chart the critical path for the fish project.

[8 marks]

2. Organizations usually operate within the micro environment and macro environment. It seems that one component of the micro environment is being neglected.

(a) Differentiate between the 'micro environment' and 'macro environment' of a business.

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[4 marks]

(b) Outline TWO aspects of the neglected environment indicated by Crystal.

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[4 marks]

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