

FORM TP 2014107



TEST CODE **01240032**

MAY/JUNE 2014

CARIBBEAN EXAMINATIONS COUNCIL

**CARIBBEAN SECONDARY EDUCATION CERTIFICATE®
EXAMINATION**

PRINCIPLES OF BUSINESS

Paper 032 – General Proficiency

1 hour 15 minutes

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL questions.
2. All answers must be written in this booklet.
3. Do not write in the margins
4. You are advised to take some time to read through the paper and plan your answer.
5. If you need to re-write any answer and there is not enough space to do so on the original page, you must request extra lined pages from the invigilator. **Remember to draw a line through your original answer and correctly number your new answer in the box provided.**
6. **If you use extra pages you MUST write your registration number and question number clearly in the boxes provided at the top of EVERY extra page.**

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

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

CASE STUDY

Premier Home Schooling

Premier Home Schooling is a partnership between two retired professors who have a history of working well as a team. Their idea for the business came from requests from parents who desire home schooling for their children of primary school age. Hence a business was established. The main product was digital and virtual lessons for home schooling. The partners have applied to the Ministry of Education for approval for the virtual classroom curriculum to be officially adopted for home schooling nationwide. In addition to their experience in education, the partners are well versed in business management and Internet technology. After consulting each other they decided to hire a sales manager.

BUSINESS PLAN

OPERATIONAL PLAN

1. Nature and Type of Business

(a) State TWO factors that may have motivated the professors to establish the business.

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(2 marks)

(b) Identify ONE area of expertise that the partners possess.

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(1 mark)

(c) State TWO benefits which the partners are LIKELY to receive from forming a partnership.

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(2 marks)



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2. Internal Structure of the Organization

(a) Identify TWO functional areas that the business is LIKELY to have.

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(2 marks)

(b) State ONE key responsibility of the sales manager.

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(1 mark)

3. Management Function

(a) Identify ONE type of leadership style displayed by the partners.

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(1 mark)

(b) Support your answer in 3 (a) above with evidence from the case.

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(1 mark)

Total 10 marks

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MARKETING PLAN

A feasibility study done by the partners showed that there is a nationwide demand for alternative modes of learning utilizing modern technology. They produced a package consisting of virtual lessons as well as a guide that trains parents and guardians to assist students. The price of the product has been influenced by the high cost of protecting the innovation and purchasing the necessary equipment. The sales manager is expected to initiate additional activities that will promote the product and increase sales. The partners are convinced that their product will do well.

4. Target Market

(a) Identify the MAIN target market for the product.

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(1 mark)

(b) State TWO likely benefits, to the business, of conducting a feasibility study.

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(2 marks)

(c) State ONE factor that the partners should consider when deciding how much of the product to produce.

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(1 mark)

5. Pricing Strategies

Identify TWO factors that the partners should consider when pricing the product.

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(2 marks)

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6. Promotion Strategies

(a) State TWO ways in which the sales manager can promote the business.

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(2 marks)

(b) Describe TWO factors related to packaging that will be important when promoting the product.

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(4 marks)

7. Copyright

Explain why it is important for the owners to copyright their product.

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(2 marks)

8. Quality

Outline ONE factor that is LIKELY to contribute to the success of the business.

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(2 marks)

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9. Technology

- (a) State TWO ways in which Internet technology can be used to distribute the product.

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(2 marks)

- (b) Outline TWO problems that are LIKELY to occur when using the Internet as a distribution channel.

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(2 marks)

Total 20 marks

FINANCIAL PLAN

The cost of the package is \$200. The partners sold 50 copies of the product at a promotional 25% discount when they launched the business at a parent-teachers meeting. The product has recently been endorsed by the Government and demand has increased steadily. The partners have already received orders for 400 copies. This was quite encouraging since the partners had practically used most of their retirement money to start the business.

10. Sources and uses of Finance

- (a) Identify the source from which the partners obtained funds to start their business.

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(1 mark)

- (b) Calculate the total sales made at the launch of the business.

(2 marks)

- (c) Calculate the gross sales that will be made from the sale of the 400 copies of the product.

(1 mark)

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11. Government Regulations

Discuss ONE factor that the government would have most LIKELY considered when approving the use of this virtual lesson for home schooling.

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(3 marks)

12. Executive Summary

Write an overview of the business incorporating the THREE main areas of the business plan.

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(3 marks)

Total 10 marks

END OF TEST

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

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