

FORM TP 2012110



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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

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF BUSINESS

Paper 032 – General Proficiency

1 hour 15 minutes

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL the questions.
2. ALL answers must be written in the space provided in this booklet.
3. The use of non-programmable scientific calculators is allowed for this paper.

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

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INSTRUCTION: This paper consists of a case study and a template for a business plan. Use the information from the case study to complete the business plan.

CASE STUDY

Ocean View Lodge

Margaret Spinoza invested in a small hotel, Ocean View Lodge, in which she made her sister, Mary, a limited partner. Margaret has completed a course in hotel management and catering and is the Chief Executive Officer (CEO) of the business. The business employs an operations manager, a production manager, a finance manager, supervisors for housekeeping (cooks and butlers), maid services, as well as other general workers (gardeners, security guards). The business utilizes a top of the line management information system (MIS). Through improvement in services offered, the firm hopes to develop into a world-class hotel that can attract local and foreign investment.

Complete the following Business Plan using information from the case.

BUSINESS PLAN

OPERATIONAL PLAN

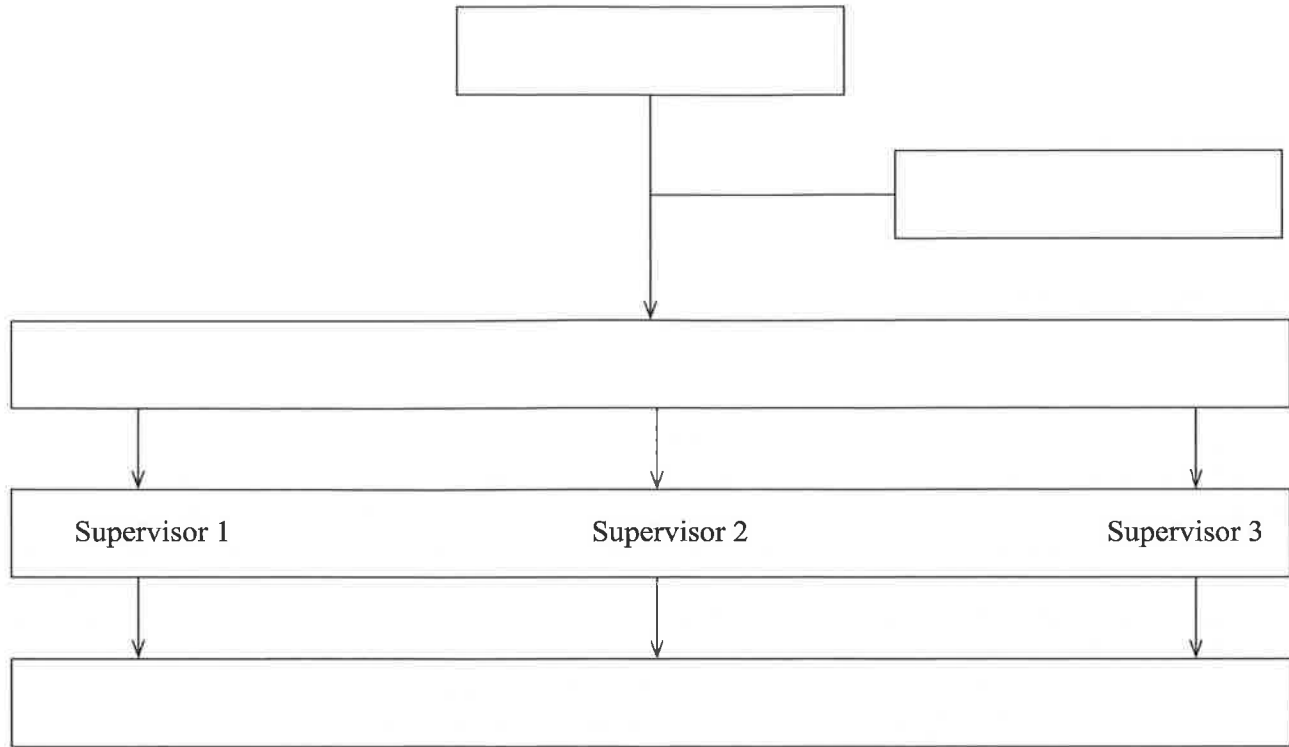
1. Nature and Type of Business

State TWO reasons why Margaret may have decided to set up a limited partnership.

(2 marks)

2. Internal Structure of the Business

Complete the organizational chart below showing ALL the levels and positions in the business.



(4 marks)

3. Management Functions

(a) Cite ONE piece of evidence from the case on page 2 that suggests that Margaret is qualified to manage the business.

(1 mark)

(b) State TWO ways in which a management information system (MIS) would benefit the business.

(2 marks)

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- (c) State ONE long-term goal of the business.

(1 mark)

Total 10 marks

MARKETING PLAN

Margaret used her redundancy payments, loans from Mary, and from the local mortgage bank to purchase the hotel, which was being sold for a reasonable price. She conducted a feasibility study which revealed that despite the recession, the Ocean View Lodge was a reasonable income earner. The continued success of the hotel is due, in part, to its simple operational and good marketing plan. It is located in the heart of the tourist belt, near popular attractions and enjoys almost 90 per cent occupancy throughout the year. Ocean View Lodge is famous for providing guests with the 'home-away-from-home' feeling, giving top-class service primarily to business travellers. Its rates range between those for a luxury hotel and regular guest houses. Management recognizes that most guests enjoy fine dining, hence it offers one of the most exquisite restaurants, catering to international cuisine. Management believes in networking, and plans to join the local chapter of the Chamber of Commerce as well as the Hotel Association.

4. Market Research

Outline ONE way in which a feasibility study is important to the business.

(2 marks)

5. Industry Trend

- (a) Identify TWO factors that have contributed to the success of Ocean View Lodge.

(2 marks)

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- (b) Explain how ONE marketing trend in the tourism industry may affect Ocean View Lodge.

(2 marks)

6. Target Market

- (a) Identify the category of tourist to which Ocean View Lodge caters at present.

(1 mark)

- (b) Suggest TWO categories of tourists, other than the one identified in (a) above, that Ocean View Lodge may wish to target when designing its promotional strategies.

(2 marks)

7. Pricing Strategies

- (a) Identify the market structure in which Ocean View Lodge is operating.

(1 mark)

- (b) State TWO factors that Ocean View Lodge should consider when setting its rates.

(2 marks)

8. Promotion Strategies

(a) Suggest TWO methods that Ocean View Lodge can use to promote its services.

(2 marks)

(b) Outline ONE way in which Ocean View Lodge can benefit from being a member of the local Chamber of Commerce.

(2 marks)

9. Financial and Capital Instruments

Identify TWO sources of finance that Margaret used to purchase the hotel.

(2 marks)

10. Financial Projections

Recommend to Margaret TWO financial statements that she should include as part of her financial projections.

(2 marks)

Total 20 marks

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FINANCIAL PLAN

Margaret has done some financial projections for the business. She plans to seek additional financing to refurbish and expand the hotel. She wants it to be ‘world-class’ — the best in the Caribbean and a future franchise. She is, however, concerned about sourcing food supplies, the rising cost of utilities, as well as complying with government regulations.

11. Potential for Growth

Discuss ONE risk involved in making Ocean View Lodge a ‘world-class’ hotel.

(2 marks)

12. Government Regulations

Identify TWO government regulations with which the business must comply and state the importance of EACH.

(4 marks)

13. Economic Impact

State TWO ways in which Ocean View Lodge contributes to the development of the local economy.

(2 marks)

14. Executive Summary

Write an overview of the business, including information from the three sections of the plan.

(2 marks)

Total 10 marks

END OF TEST

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