MAY/JUNE 2012

CARIBBEAN EXAMINATIONS COUNCIL

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.

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.

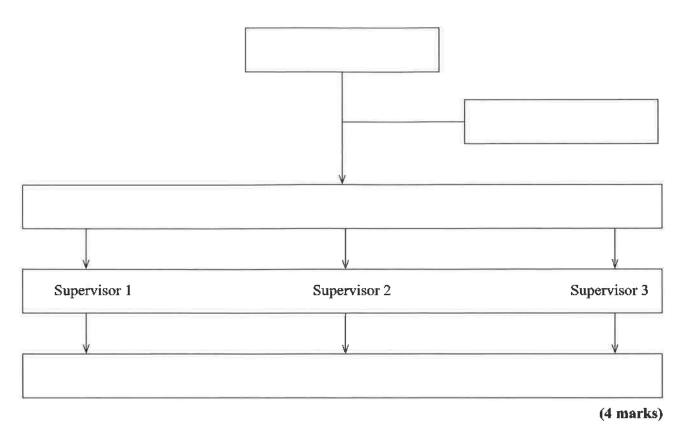
BUSINESS PLAN

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.



3.

	Cite ONE piece of evidence from the case on page 2 that suggests that Margaret is qual to manage the business.	ifi
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	(1 ma	r
ı	State TWO ways in which a management information system (MIS) would benefit business.	ţΙ
	(2 ma	r

	(c)	State ONE long-term goal of the business.
		(1 mark)
		Total 10 marks
MARI	KETIN(G PLAN
the hot that de of the of the Ocean class s guest h exquis	tel, which spite the hotel is tourist be View Leervice prouses.	her redundancy payments, loans from Mary, and from the local mortgage bank to purchase h was being sold for a reasonable price. She conducted a feasibility study which revealed recession, the Ocean View Lodge was a reasonable income earner. The continued success due, in part, to its simple operational and good marketing plan. It is located in the heart elt, near popular attractions and enjoys almost 90 per cent occupancy throughout the year. odge is famous for providing guests with the 'home-away-from-home' feeling, giving top-rimarily to business travellers. Its rates range between those for a luxury hotel and regular Management recognizes that most guests enjoy fine dining, hence it offers one of the most grants, catering to international cuisine. Management believes in networking, and plans to chapter of the Chamber of Commerce as well as the Hotel Association.
4.	Marke	t Research
	Outline	e ONE way in which a feasibility study is important to the business.
	ā:	
		(2 marks)
5,	Industr	ry Trend
	(a)	Identify TWO factors that have contributed to the success of Ocean View Lodge.
		(2 marks)

	(b)	Explain how ONE marketing trend in the tourism industry may affect Ocean V	iew Lodge.
			(2 marks)
6.	Targe	et 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 View Lodge may wish to target when designing its promotional strategies.	, that Ocean
			(2 marks)
7.	Pricin	ng 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.	<u>Prom</u>	otion 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.		ncial and Capital Instruments
	Ident	ify TWO sources of finance that Margaret used to purchase the hotel.
	-	(2 marks)
10.	<u>Fina</u>	ncial Projections
		ommend to Margaret TWO financial statements that she should include as part of her financial ections.
	<u> </u>	(2 marks)

Total 20 marks

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.

Potential for Growth
Discuss ONE risk involved in making Ocean View Lodge a 'world-class' hotel.
(2 marks)
Government Regulations
Identify TWO government regulations with which the business must comply and state the importance of EACH.
(4 marks)
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.