



CARIBBEAN EXAMINATIONS COUNCIL
CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®

ENTREPRENEURSHIP

ENTREPRENEURIAL PRACTICE

UNIT 2 – Paper 02

2 hours 45 minutes

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of SIX mini-case scenarios, TWO from EACH module.
2. Answer ALL SIX questions.
3. EACH question is worth 15 marks.
4. Write your answers in the spaces provided in this booklet.
5. Do NOT write in the margins.
6. If you need to rewrite any answer and there is not enough space to do so on the original page, you must use the extra lined page(s) provided at the back of this booklet. **Remember to draw a line through your original answer.**
7. **If you use the extra page(s) you MUST write the question number clearly in the box provided at the top of the extra page(s) and, where relevant, include the question part beside the answer.**

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

INSTRUCTION: Read EACH mini-case and answer the questions that follow.

MODULE 1: ESSENTIALS OF BUSINESS OWNERSHIP

Case 1: Fresh Start

Michaela, like her grandfather, wants to operate a carpet cleaning venture. Her grandfather had registered a limited liability company, which went bankrupt due to high operating expenses. Michaela therefore wonders whether using an alternative venture form would be better. She knows that she has the option of setting up business as a sole trader, partnership or limited liability company. She is trying to decide how to proceed.

1. (a) Give a brief description of the THREE types of business ventures mentioned in the case.

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[6 marks]

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(b) State TWO advantages and ONE disadvantage of TWO types of business ventures identified in (a).

Type of venture (1):

Advantages:

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Disadvantage:

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Type of venture (2):

Advantages:

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Disadvantage:

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[6 marks]

(c) Identify any ONE ethical responsibility of the new carpet cleaning venture. Explain the importance of this responsibility to the venture's success.

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[3 marks]

Total 15 marks

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Case 2: Legalize It

Ryan attends a seminar on 'Owning Your Own Business'. The presentation arouses Ryan's interest in starting his own business. He asks the presenter what he would need to do, if he actually wanted to start a new furniture manufacturing business. The presenter responds that he would have to establish the business' legal and regulatory framework, protect all necessary intellectual property and finally, ensure that he implements environmental stewardship.

2. (a) From the case, identify THREE actions that Ryan should take in order to legally establish the business.

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[3 marks]

- (b) Explain THREE actions that Ryan must take in order to maintain the business' legal and regulatory framework.

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- (c) Explain ONE benefit that can be gained by this business from the implementation of environmental stewardship practices.

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[3 marks]

Total 15 marks

MODULE 2: NEW VENTURE PLANNING AND CREATION

Case 3: Sources of Finance

After operating in the local town centre for five years, Abbie decides to upgrade the facility for her catering business which currently provides food and drinks for business functions, weddings, parties and a host of other events. After thinking through the idea, she realizes that she would need modern catering equipment including serving trays and food warmers, but she has no money. She goes to the Business Trust for advice on financing for her business where she is informed that she could access funding through equity funding, debt financing and/or grants.

3. (a) For EACH category shown in the table below, state ONE example of a source that Abbie could use to finance her business.

Category	Example of Source
Equity funding	
Debt financing	
Grants	

[3 marks]

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(b) Explain TWO advantages of using equity financing to upgrade the business.

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- (c) Explain THREE differences between 'debt financing' and 'grants financing'.

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[6 marks]

Total 15 marks

Case 4: Road Map

“I don’t know what goes into a business plan and I don’t even know where to start,” said Rosa to her teacher. “Why is it important to prepare business plans anyway?” Her teacher explained that a business plan is a road map for the start of a business and it helps in determining the viability of the venture.

4. (a) State FOUR reasons why a business plan is seen as the road map for a business.

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[4 marks]

- (b) Explain TWO benefits of preparing a business plan.

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[6 marks]

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(c) Identify FIVE sections that should appear in a business plan.

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[5 marks]

Total 15 marks

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MODULE 3: MANAGING, GROWING AND HARVESTING THE VENTURE

Case 5: E-commerce Makes It Better

Neko, an entrepreneur, overheard two men debating over the Men's Boutique in town. One man was convinced that the success of the store was linked to its e-commerce platform. From a business perspective he thought the website was easy to set up, inexpensive and required no attention and besides, everyone is shopping online these days. The other man disagreed as he thought that more effort was required and while making money might look easy, there were challenges with privacy and infrastructure.

Neko enjoyed the discussion. He had learnt very early from his business that in order for e-commerce to be successful, the business had to adopt innovative strategies to attract and retain customers. Selling through his website had brought some benefits, with the data mining opportunities being the most significant. He was glad for e-commerce.

5. (a) Explain how data mining can be of benefit to the entrepreneur.

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[2 marks]

- (b) (i) Apart from data mining, list THREE other benefits of selling through a website.

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(ii) Explain **each** of the THREE benefits listed in (b) (i).

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- (c) Outline TWO innovative strategies that Neko can use to attract and retain his online customers.

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[4 marks]

Total 15 marks

Case 6: Keys to Success

Sylvan attended a workshop on the venture life cycle, where the facilitator spoke about the lessons learnt from running his business and what he did to ensure it did not fail over the life cycle. He spoke on the process of developing the idea, starting the venture and growing it until it was mature and stabilized. More important, he highlighted the innovations he applied to ensure that the business did not decline after maturity. He said that the Internet had allowed him to strengthen the business in the innovation phase by improving overall speed and flexibility.

6. (a) From the case, identify THREE stages of the venture life cycle.

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[3 marks]

- (b) Explain TWO of the stages identified in (a).

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- (c) Outline THREE positive impacts that the Internet can have on the development of the venture.

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[6 marks]

Total 15 marks

END OF TEST

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