



CARIBBEAN EXAMINATIONS COUNCIL  
CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®  
MANAGEMENT OF BUSINESS

UNIT 1 – Paper 02

*2 hours 30 minutes*

**READ THE FOLLOWING INSTRUCTIONS CAREFULLY.**

1. This paper consists of THREE questions. Answer ALL questions.
2. Write your answers in the spaces provided in this booklet.
3. You may use a silent, non-programmable calculator to answer questions.
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.**
6. **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.**

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02133020/CAPE 2017



0213302020



**MODULE 1: BUSINESS AND ITS ENVIRONMENT**

1. Thomas is in the process of establishing Creative Fashions Ltd, a designer clothing fashion store in the tourist community of Greenshore Island. The Small Business Association of Greenshore Island suggests that Thomas decides whether his products would target the local or overseas market. Additionally, he should choose either a sole trader or a partnership form of business.

(a) Define EACH of the following terms:

(i) Sole trader business

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**[2 marks]**

(ii) Partnership business

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**[2 marks]**





(c) Discuss how EACH of the following stages in the decision-making process would assist Thomas in choosing **whether** to target the local or overseas market.

- Data collection
- Formulation of alternative strategies
- Evaluation of results

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**MODULE 2: MANAGEMENT OF PEOPLE**

2. The EZ Canning Company has been experiencing declining profits steadily over the last 12 months. In addition, there have been poor interpersonal relationships among workers. The last staff satisfaction survey showed that workers' motivation levels had fallen significantly. Bill Jones, the human resource manager, wants to change the negative work environment. He believes that teamwork will help to improve the profitability of the company.

(a) Outline TWO differences between Herzberg's hygiene theory and Maslow's hierarchy of needs theory.

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**[4 marks]**

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- (b) Explain THREE ways in which teamwork can help to increase profits at the EZ Canning Company.

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[9 marks]

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(c) Discuss THREE ways in which EACH of the following communication strategies can improve interpersonal relationships.

- Providing feedback
- Effective listening
- Maintaining eye contact

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**MODULE 3: BUSINESS FINANCE AND ACCOUNTING**

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

(i) Current assets

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**[2 marks]**

(ii) Budgetary control

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**[2 marks]**





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(b) Explain TWO ways in which a business can benefit from having a cash budget.

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[6 marks]

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- (c) Janet Palmer is the owner and manager of Beautiful Flowers. She was advised to prepare a balance sheet to help her with managing the business. In response, Janet prepared the following document.

<b>Beautiful Flowers Balance Sheet as at December 31, 2016</b>		
<b>Current Liabilities</b>		
Buildings	62 660	
Debtors	28 000	90 660
<b>Equity</b>		
Capital		76 600
		167 260
<b>Current Assets</b>		
Creditors	26 200	
Equipment	20 000	
Bank Overdraft	24 720	70 920
<b>Fixed Assets</b>		
Stock	8 360	
Cash	8 500	16 860
		87 860

Use the information above to prepare a corrected balance sheet for Beautiful Flowers as at December 31, 2016.

