

CARIBBEAN EXAMINATIONS COUNCIL

**REPORT ON CANDIDATES' WORK IN THE
SECONDARY EDUCATION CERTIFICATE EXAMINATION**

JANUARY 2011

**PRINCIPLES OF BUSINESS
GENERAL PROFICIENCY EXAMINATION**

Copyright © 2011 Caribbean Examinations Council
St Michael, Barbados
All rights reserved.

GENERAL COMMENTS

This year, 4,273 candidates registered for the Principles of Business General Proficiency examination. The composition of the examination was as follows:

Paper 01	-	Multiple Choice
Paper 02	-	Essay Paper
Paper 03/2	-	Alternative to SBA (Private Candidates)

Paper 01 consists of 60 multiple choice items taken from the three profiles of the syllabus. The performance of candidates on this paper was satisfactory.

The mean mark was 56.37 out of 60 compared with 54.48 in 2010 and 54.95 in 2009. Approximately 69 per cent of the candidates scored at least 50 per cent of the marks for this paper.

Paper 02 comprises two sections. Candidates were required to answer three compulsory questions in Section I and two of four optional questions in Section II. The mean mark for this paper was 49.93 out of 100. The means were 40.32 and 51.83 in 2010 and 2009 respectively. The marks ranged from 0 to 94.

Paper 03/2 — the alternative to the School-Based Assessment (SBA) — is an examination offered to private candidates. For this examination, candidates were required to complete a business plan using a given template and a case study.

Performance on this paper continues to improve. The mean mark was 16.35 out of 40 compared with 13.78 in 2010 and 12.36 in 2009. No one achieved the maximum mark on this paper; however, the highest mark was 34 out of 40.

DETAILED COMMENTS

Paper 02 – Essay

Section I – Compulsory

Question 1

This question tested candidates' knowledge of different types of businesses as well as the differences between a free market economy and a planned or command economy. Approximately 65 per cent of the candidates attempted this question. Performance on this question was less than satisfactory. The mean mark was 7.78 out of 20.

Part (a) of the question required candidates to state four characteristics of a partnership and four characteristics of a private limited company.

Most candidates were able to score the maximum available marks in this part of the question. Candidates who failed to score seemed to have confused the characteristics of partnerships with those of private limited companies.

In Part (b), candidates were required to discuss the benefits a business would enjoy if it converted from a partnership to a private limited company.

The majority of candidates was unable to discuss the advantages but merely stated their responses and therefore could not earn the maximum marks.

In Part (c), candidates were required to outline three distinguishing features of a free market economy as opposed to a planned or command economy.

Candidates, for the most part, could not accurately distinguish between these two types of economies.

The following are suggested responses to Question 1.

(a) (i) Four characteristics of partnerships are:

- They do not need to be registered and therefore are easily formed.
- They consist of 2–20 persons.
- There is lack of continuity — if a partner dies, that business ends.
- The owners have unlimited liability.

(ii) Four characteristics of private limited companies are:

- They must include the term ‘limited’ as part of their name.
- The shareholders enjoy limited liability, in that, in the event of bankruptcy they stand to lose only their investment and not their personal assets.
- Their shares cannot be traded on the Stock Exchange.
- These firms have unlimited life in that they continue after the death of a shareholder or shareholders.

(b) Two advantages a business would enjoy by converting from a partnership to a private limited company are:

- The partnership has unlimited liability but the private limited company has limited liability. This means that investing in a private limited company would mean that shareholders can only lose what they have invested and nothing more.
- The private limited company has the potential to raise more capital than the partnership because the membership is larger than that of a partnership.

(c) Three ways in which a free market economy differs from a planned economy are:

- In a free economy private individuals and organizations own the factors of production, whereas in a planned economy, the state owns and controls the factors of production.
- In a free economy, there is competition between the various producers of goods and services for a share of the market. On the other hand, in a planned economy there is no competition between the producers of goods and services.

- In a free economy, a large variety of goods and services are produced to satisfy the needs of the consumers. In a planned economy however, quotas of essential goods to be produced are determined by the state.

Recommendations

Students should be exposed to as many features of businesses as possible. They should also be given practical work to examine the extent to which the features discussed are true for similar businesses operating in their communities.

More emphasis needs to be placed on distinguishing and comparing characteristics of the different types of businesses. Teachers should guide students in understanding the various verb cues in questions such as *state, discuss and outline*.

Students should also be encouraged to answer in complete sentences. Note that in the discussion the points showing clearly the advantages were brought out and explained in complete sentences. Note also in comparing the two types of economy both sides were highlighted, those of the free market economy as well as the planned economy. The linking phrases were used to show two like things were being compared such as *whereas, on the other hand, however* etc.

Question 2

This question tested candidates' knowledge of business, including the public and private sector. The question was attempted by 90 per cent of the candidates, the majority of whom gave good responses.

Part (a) required candidates to compare private and public sector organizations using three given features. This part of the question was well done by most candidates.

Part (b) required candidates to outline two benefits of a business to both the sole proprietor and the community. The majority of candidates were unable to outline the benefits of the business to the sole proprietor. Some candidates seemed to have misinterpreted the question, giving benefits of the business to other businesses. Some candidates merely supplied statements about a business without showing how they are considered to be benefits.

In Part (c), candidates were required to discuss how the government can promote business activity in the country. The majority of candidates gave acceptable responses. However, weaker candidates focused the discussion on how businesses can advertise their products.

The following are suggested responses to Question 2.

(a) Public sector versus Private Sector

(i) Ownership and control

- The private sector of a country is made up of private citizens or individuals. The firms that are owned by private individuals such as sole traders, partnerships and private limited companies belong to the private sector. The public sector, on the other hand, refers to the government, the state, national/local government or municipalities.

If a business is owned by the public sector it means that it is state or government owned.

(ii) Objective

- The objective of private sector businesses is to make profits. They are set up to cater to the needs and wants of private individuals while the public sector aims at providing essential goods and services to the country and caters to the needs of its citizens.

(iii) Source of Capital

- Firms in the private sector obtain capital from persons who choose to buy shares in the enterprise. They also obtain capital from friends, family members, and personal savings or from financial institutions such as credit unions or commercial banks. The public sector, however, obtains funding primarily from taxes, rates, levies and statutory deductions, as well as loans from governments/institutions and funding from donor agencies.

(b) Benefits of a business to the sole proprietor and the community:

(i) The sole proprietor

- A sole proprietor has the satisfaction of being his/her own boss and thus has the confidence of making his/her own decisions.
- He or she has no limits to his/her earnings because all the profits belong to the owner of the business.

(ii) The Community

- The community benefits in that goods and services are produced that they can easily purchase thereby reducing transportation costs because of the proximity.
- The people in the community can gain employment opportunities and firms may even sponsor sporting and cultural events.

(c) How government can promote business activity:

- The government provides security against crime by way of the police, regiment and coast guards thus creating and maintaining a safe environment in which business can thrive.
- The government enacts legislation to protect businesses for example, the Hire Purchase Act, Health and Safety Laws and the Sale of Goods Act. These laws protect the interest of businesses as well as consumers so that neither of them is unfairly treated.

- The government provides financial and technical advice for businesses through its small business and entrepreneurial programmes. This enables individuals to provide their own employment by starting their own businesses.
- The government provides regulations designed to protect the interests of businesses.

Recommendations

- i. Teachers should ensure that students are able to differentiate between the words ‘public sector’ and ‘public limited companies’. This can be achieved by getting students to explore and discuss the differences between them.
- ii. Students should also know the differences between verb cues such as *compare*, *outline* and *discuss*. Note that in the model responses, a comparison is achieved when like things are compared and both sides are explained and a linking phrase or word is used to successfully achieve this.
- iii. Students should be given more exposure to how businesses help individuals and communities. Some of this knowledge can be had from the newspaper and Internet articles.
- iv. Teachers should provide students with the opportunity to practise answering more CSEC questions so that they would become familiar with the expectations of the questions.

Question 3

This question tested candidates’ knowledge of advertising and sales promotion. The question was attempted by 95 per cent of the candidates. Performance on this question was satisfactory. The mean mark was 11.55 out of 20.

Part (a) required candidates to state three benefits of advertising. The majority of candidates were able to score the maximum mark in this part showing clearly that they understood how advertising benefits businesses. The weaker candidates were quite vague and gave extremely brief answers.

In Part (b), candidates were required to distinguish between advertising and sales promotion. Most candidates were unable to give reasoned responses, but rather, gave a definition of each. Moreover, most candidates failed to acknowledge the long term/short term criteria when giving these definitions. The majority of candidates however gave good examples of advertisements and sales promotion.

Part (c) required candidates to discuss two benefits which a supermarket can receive from engaging in public relations activities such as the awarding of scholarships. This part of the question was answered poorly by the majority of candidates. Some candidates gave benefits of the scholarship initiative to stakeholders, other than the supermarket, such as the general public.

The following are suggested responses to Question 3.

(a) Three benefits of advertising are :

- It makes consumers aware of different products that are available.
- It encourages competition among businesses.
- It increases the sales of firms.

(b) Difference between advertising and sales promotion:

Advertising is a non-personal sales technique which is relatively long term and the sponsors are always identified. Some examples of advertising are:

- Airlines commercial on television about visiting Miami
- Advertisements for online universities in the U.S. and U.K
- Billboard and newspaper advertisements for cars

Sales promotion, on the other hand, are short term incentives given to middlemen and consumers to encourage sales. It is usually used to support advertising and personal selling and is usually a one-time effort and is run for a limited period of time. Some examples of sales promotion are:

- Digicel freaky Fridays
- Buy one get one free or at half price
- Free samples of perfume

(c) Benefits of public relations activity to the supermarket

- This public relations activity benefits the supermarket in that customer loyalty would likely develop as more customers will support this supermarket as they perceive that they may receive additional benefits.
- The supermarket may gain new customers and a larger share of the market because of this activity. This will be a form of indirect advertisement for the supermarket.
- The government may consider giving the firm tax breaks and other considerations in return for this service to the community.

Recommendations

Teachers are advised to use more practical exercises in the classroom, for example, the use of role plays, projects to create advertisements, the critique of advertisements on television and radio, newspapers and to show the differences between the strategies used to promote sales.

Section II – Optional Questions

Question 4

This question tested candidates' understanding of personal budgeting and forms of savings. It was attempted by approximately 65 per cent of the candidates, the majority of whom gave acceptable responses. The mean mark was 13.84 out of 20.

Part (a) required candidates to identify sources of personal income. This was generally well done. Candidates correctly identified sources of personal income such as salaries/wages, rent, interest from savings, profits from ownership of business, pensions and dividends from ownership of stocks/shares. A common error made was identifying loans from financial institutions as a source of income. Unfortunately, a few candidates identified stealing as a source of personal income.

Part (b) (i) required candidates to explain the term 'budgeting'. The majority of candidates scored the maximum mark for this part of the question by indicating the idea of planning/managing one's income and expenditure/spending.

Part (b) (ii) tested candidates' knowledge of the advantages of budgeting. Overall, responses were fair with identification of advantages such as planned spending, less overspending, planned saving and to provide for future needs.

In Part (c), candidates were required to state two factors to be considered when choosing a form of saving. Suitable responses should have included credibility of the institutions, the interest rate, other benefits offered, accessibility to savings, the degree of risk, penalties for early withdrawals and goals of the saver. While most candidates scored the maximum available mark, most of their responses seemed to reflect personal experiences rather than business knowledge.

Part (d) required candidates to discuss two reasons for saving money in a bank rather than at home. Most candidates correctly identified and discussed the following main reasons: safety, the returns earned on savings, the use of savings as collateral and the minimization of the temptation to overspend due to relative inaccessibility of the money.

Few candidates identified additional reasons such as access to online banking and use of ATM machines and cheques.

The following are suggested responses to Question 4.

- (a) Four sources of personal income are: salary, rent, interest from savings and royalties.
- (b)
 - (i) Budgeting refers to the planning and allocation of expenses and income to prevent over expenditures and to indicate how money is spent and if income is sufficient to cover expenses.
 - (ii) Two advantages of budgeting are:
 - It restricts spending and prevents one from over spending.
 - It will indicate if there is a need to increase one's income.
- (c) Two factors that must be considered when choosing a form of savings:

- The credibility of the institution as well as the instruments that are being offered to ensure that one's principal and any interest earned will be returned at maturity or when needed.
- It is important to look at the rates of return on interest so as to capitalize on the best returns for the time the money is saved.

(d) Reasons for saving money in a bank as opposed to keeping it at home

- Safety is a very important issue when deciding to put one's money in a bank as opposed to keeping it at home. In the bank, money is less likely to be stolen, and even if it is, and it can be proven that it is not due to negligence, then it would be replaced by the bank. Money left at home can be stolen or burnt up in the case of a fire.
- Appreciation of one's money is another important issue when deciding on a savings option. Money left in the bank will likely appreciate because money deposited attracts interest while money kept at home does not.

Recommendations

Teachers are encouraged to place increased emphasis on ethical issues related to sources of income as well as other business practices. They should also encourage the use of relevant business jargon and appropriate vocabulary.

Question 5

Question 5 tested candidates' knowledge of the factors of production. The question was attempted by 35 per cent of the candidates. Performance was satisfactory. The mean mark was 11.11 out of 20.

Part (a) required candidates to identify the traditional factors of production in relation to the five Ms of production. The minority of them was able to successfully link the five Ms given to the traditional factors of production.

Part (b) required candidates to distinguish between the following pairs of terms:

1. primary production and tertiary production
2. subsistence level of production and domestic level of production
3. backward linkage and forward linkage

The majority of candidates was unable to make a clear distinction between the terms. The greatest challenge in this part of the question was making a clear distinction between 'backward' and 'forward linkage'.

In Part (c), candidates were required to discuss the factors to be considered when deciding on a location for a large shopping mall. The majority of candidates merely listed the factors rather than discussed them. There was a small percentage of candidates who argued convincingly the reasons for their importance to the issue as well as their impact.

The following are suggested responses to Question 5.

(a) The traditional factors of production and their corresponding 'M' of production.

'M'	Factors of Production
Men	- Labour or entrepreneurship or human resources
Money	- Capital or financial resources
Material	- Capital or raw materials
Machinery	- Capital or fixed assets or equipment
Method	- Entrepreneurship or management or planning or strategizing

(b) Primary vs. Tertiary Production

- (i) *Primary* production includes the extraction of raw materials from nature through fishing, hunting, gardening, mining, while tertiary production covers the provision of services that may include medical, banking, transportation, communication and teaching.
- (ii) Subsistence vs. domestic level of production
Subsistence level of production caters for the basic needs of individual and families and the general satisfaction of a household. Domestic level of production, on the other hand, involves producing goods and services not just for the individual and his family, but also for the entire local market.
- (iii) Backward linkage vs. forward linkage
When a manufacturing firm in the second phase of production forms a link with a firm in the primary phase of production, this is a backward link. For example, KFC linking with chicken farmers. Where a firm in the primary phase of production seeks to link with a manufacturing firm in the secondary phase of production, this is deemed a forward link. For example, apple farmers linking with Nestle apple juice company.

(c) Two factors that must be considered when selecting a location for a large mall are:

- Accessibility to a large source of shoppers so that the stores in this mall would be able to maximize their sales and realize high profits.
- Geographical considerations such as proximity to main roads or a network of roads such that this would allow for easy access to the mall for customers.

Recommendations

- Students should use the mark allocation for the questions as well as the key verbs such as *define*, *explain*, *discuss* as a guide to the level of response required.

- Students should be exposed to more contact hours on this topic as their responses suggest lack of knowledge of fundamental concepts.
- Students should be encouraged to read questions carefully before attempting to respond.

Question 6

This question tested candidates' knowledge of the role of governments in their country. The question was attempted by approximately 63 per cent of the candidates. Performance on this question was unsatisfactory. The mean mark was 6.84 out of 20.

Part (a) required candidates to identify one social service provided by the government of their country and evaluate its impact on the country. This part of the question was not well done as candidates seemed to have confused social services with utilities. Generally, candidates were unable to identify the social services provided by governments of their country. The better candidates identified old age pension, public transportation (PTSC, JUTC) including free bus tickets for students and the free bus pass for senior citizens; education including book rental and the School Feeding Programme and health while the weaker candidates identified all the public utilities, for example, water (WASA).

In Part (b), candidates were required to describe three given functions of government. This question proved to be challenging for most candidates. Many of them seemed not to have understood what was meant by national security, maintenance of a safe environment and job security. They interpreted maintenance only in terms of crime fighting and job security as people guarding the business. In (b) (ii), the candidates needed to explore regulations made by the Central Bank and government policies for investors, for example, depositors' insurance.

For Part (c), candidates were required to outline two forms of assistance offered by Caribbean governments to businesses. This part of the question was fairly well done. The better candidates indicated assistance through Carifesta, local trade fairs, subsidies, public transport for workers to and from work and training of employees, while the weaker candidates wrote only about physical security for business. To improve their responses, candidates needed to mention protectionist methods used by the government, for example, the use of tariffs and taxes to deter competition.

In Part (d), candidates were required to discuss two actions which the government can take to protect the environment. This part of the question was generally well done. Those who did not do well interpreted actions government could take based only on controlling criminal activity. Candidates were able to identify passing laws and penalties but were not able to identify agencies like the Environmental Management Agency (EMA) and the Environmental Protection Act.

The following are suggested responses to Question 6.

- (a) One social service is the provision of health. The government of Jamaica provides public hospitals and clinics and other health care facilities to assist the sick to get back to health. Apart from providing the necessary upkeep for these facilities they pay the salaries and wages of the various healthcare professionals such as doctors and nurses and other support staff. This has helped the poor and less fortunate who may not be able to pay for their healthcare to get well and be productive. However, there is need for more public hospitals in the major towns and for the quality of the service at these facilities to be improved, so citizens can be assured that their tax dollars are being spent properly.

(b) (i) National security: In carrying out this role, the government will ensure that there is security and public order for the citizens of the country since the main purpose of the government is to protect the life and property of its people. It will therefore maintain its police force, military, as well as its courts and prison systems. While the police force is concerned with internal security, the military focuses on external security.

(ii) Maintenance of safe environment for investors: Governments aim at having stable economies so that they can attract investors. To ensure this, they will aim to keep crime and violence at very low levels. They also ensure that the financial and banking systems are viable. Therefore, they will put policies in place to ensure that internal or external investors may move their profits when they wish.

Job security: Through their various labour laws, governments put in place measures to ensure that workers are not unfairly treated. There are laws against unfair dismissal and for employers and employees to uphold the terms of their contracts. Employers are obligated to compensate employees who lose their jobs through no fault of theirs.

(c) Two forms of assistance which government offers to businesses are:

- Governments may provide financing to businesses by way of subsidies or cash grants. This often assists firms to achieve stability and provide the goods and services as well as employment to the people of the country.
- Through trade fairs sponsored by governments, firms get an opportunity to market their goods and services.

(d) Two actions which the government can take to protect the environment are

- The government can put in place the legal and institutional framework for managing the environment. They will ensure the establishment of certain agencies to develop policies and guidelines for protection of the environment.
- Governments may also pass laws to protect the environment, for example, those dealing with public health, fisheries, beaches, forestry and mining. They could even pass laws against vehicles emitting too much fumes into the atmosphere.

Recommendations

Teachers need to ensure that students can make the distinction between social services and public utilities.

The terms: *national security, maintenance of safe environment for investors* and *job security* need to be clearly explained in the economic setting so candidates do not become confused.

Question 7

This question tested candidates' knowledge of human resource and economic problems in the Caribbean. Approximately 30 per cent of the candidates attempted this question. The mean mark was 6.10 out of 20.

In Part (a) (i), candidates were required to define the term ‘human resource’. This part of the question was fairly well done. However, some candidates confused a natural resource with human resource as well as equated man-made resource with human resource.

For Part (a) (ii), candidates were required to outline three factors that affect human resource development in a named Caribbean country. Some candidates were unable to identify a CARICOM country and so they were unable to outline those factors pertaining to the CARICOM country.

Part (b) required candidates to state two ways in which human resources can be developed. This was poorly done. The candidates took a narrow view of development of human resources. Their responses were limited to money, hence they were unable to discriminate the factors applicable to the question and so gave the same response as for Part (a) (ii).

In Part (c), candidates were required to identify two major economic problems facing Caribbean countries and discuss one measure that can be used to address each problem. Part (c) was generally well done. However, some candidates provided geographical and sociological problems, hence, they were unable to provide solutions to the problems.

The following are suggested responses to Question 7.

- (a)
 - (i) Human resources refer to the sum of all humans who possess skills, experience, knowledge and training to be part of the labour force.
 - (ii) In Trinidad and Tobago the migration of skilled workers cause a depletion of labour. Also, the curriculum is limited in its offerings to develop the attitudes, skills and knowledge of individuals. The provision and accessibility of health care to all would improve the quality of the human resource.
- (b) The country should limit the importation of both semi-skilled and skilled labour in order to develop its own expertise. Employers should improve working conditions/environment for their employees such as providing ergonomically designed workspaces, safe equipment and clothing.
- (c) One major economic problem is the lack of infrastructure such as seaports and airports for the movement of goods and services. This can be corrected by government maintaining existing infrastructure as well as investing in the upgrading of the infrastructure. Another is inflation which is the persistent rise in the general price level as seen in the rising prices of imported food. The government can place greater emphasis on improving the agricultural sector to increase food production, lower demand for imported food and so reduce the import bill and food prices.

Recommendations

Students need to be more knowledgeable of the global and business environment in which they live. They must be aware of economic problems of the Caribbean and practical and realistic strategies for addressing these problems.

They need to keep abreast of political and socio-cultural developments in the Caribbean. They must be able to identify the member states of CARICOM.

Paper 03/2 – Alternative to School-Based Assessment

For Paper 03/2, candidates were given a case and a template for a business plan and were required to complete the business plan by answering 14 questions based on the three profiles. This year's case related to a private limited auto body repairs company owned and operated by two brothers who had recently graduated from a technical institute, and who wanted, through their entrepreneurial effort, to expand the business which they started in their backyard.

Generally candidates did not perform well on Profiles 1 and 3. The highest mark was 6 out of 10. However, performance on Profile 2 was good. The mean mark was 14.1 out of 20.

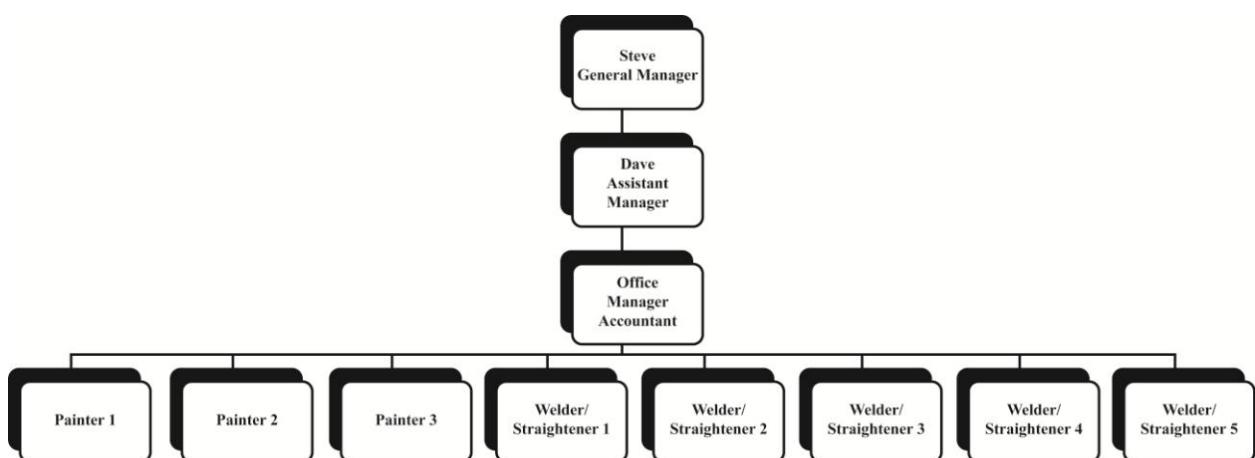
Operational Plan

1. Nature and Type of Business

- Candidates seemed to have had difficulty classifying the business based on its ownership type. The fact that the name of the company included the term 'limited' did not provide a clue to candidates. The majority of them said 'partnership' because there were two individuals involved in the business. *Expected response: Private limited company*
- The majority of candidates were able to correctly identify the types of services offered. Many of them stated that the individuals were involved in delivering the services. *Expected response: Car body repairs and painting*

2. Internal Structure of the Organization

The majority of candidates were able to draw the organizational chart and identify both the levels and positions. However, some candidates did not attempt the chart at all.



3. Management Functions

1. Weaker candidates were unable to identify the management functions and to use the jargon, for example, planning, staffing, controlling and coordinating. *Expected response: Dave heads the straightening department and supervises five helpers. Steve chairs board meetings and manages the painting department.*
2. The majority of candidates were able to identify the special skills of each of the brothers that would assist them to operate the business successfully.

Dave – Straightening and welding

Steve – painting, completed a course in Business Management

Recommendations

- Candidates need to study organizational structures and practise representing them as charts as well as learn how to interpret these charts.
- Candidates need to pay closer attention to the steps in the management process and be able to identify them in a case.

Marketing Plan

4. Ethical Issues

Candidates were able to identify the ethical issues that could affect the business negatively. These included *pollution, including noise pollution, improper disposal of waste, observance of minimum wage legislation, non-compliance with safety standards, unfair trade practices.*

5. Market research

The majority of candidates were able to describe the data collection strategies that were most likely used to collect data to inform the decision to expand the business. *Research was the main source from which much of the information was obtained – individual interviews. Secondary sources including newspaper reports on the importation of foreign used cars, trade journals, statistical reports, budget speeches.*

6. Industry Trend

The majority of candidates were able to identify the industry trends that could have informed the brothers' decision to expand the business. Such trends included *the type of goods/services provided — different colour vehicles, the type of goods/services demanded — on time delivery.*

7. Size of the Market

Candidates were able to recognize that the brothers would face competition. However, a significant number chose to give an exact figure rather than state that they would receive competition from other competitors outside of Martel's garage. *Moving to the city will position the business near several other body repair shops and the competition will be fiercer than at the original location where there was only Martel's garage. There could be similar type businesses in the industrial estate.*

8. Target market

The majority of candidates were able to identify the target market. However, they were unable to adequately describe them. *The individuals who bought foreign used cars, which are mostly coloured white, prefer brighter colours. This information came from careful observation.*

9. Pricing Strategies

The majority of candidates failed to adequately describe the pricing strategy used — *three times the estimated cost of labour and raw materials for the particular job.*

10. Promotional Strategies

Candidates were able to list the four promotional strategies used by the firm without much difficulty thus earning the maximum available mark — *using flyers, placing stickers on completed jobs, giving calendars and key rings with the firm's logo, placing ads on radio, television and Internet broadcast media, sky writing, business cards.*

11. Location of Business

The majority of candidates were able to provide two advantages of the industrial estate where the brothers planned to relocate the business. *The industrial park is well supplied with utilities — telephone, electricity, water and provision for proper waste disposal, security and rental rates are subsidized by government.*

12. Consumer Organization

The majority of candidates were unable to identify the consumer organizations from which consumers can seek redress if they were dissatisfied with the service offered by Dave and Steve. Some candidates actually named Martel's garage as the option for redress. *Expected response: Bureau of Standards, Ministry of Legal Affairs.*

13. Executive summary

The majority of candidates were unable to write an adequate executive summary which captured the main areas of the plan. *Expected response: New Look Auto Body Works Ltd is a successful automobile repairs firm. It is operated by two brothers who are primary shareholders. The brothers are certified and highly skilled in the art of body car repairs. Their customers are assured excellent service and this keeps them ahead of their competitors. There is a high demand for changes to the colour and repairs of cars due to the rapid expansion of foreign used-car imports, along with the inability of firms in the area to meet the need for these services.*

Recommendations

- Students need more exposure to real-life application of business principles. This would help them to become more familiar with concepts such as consumer protection agencies and their roles.
- Candidates need to be taught how to select pertinent ideas from cases and how to summarize them into executive summaries.

Financial plan

14. The performance of candidates in this section clearly indicated that they were not familiar with basic accounting principles. The majority of them failed to score the maximum available mark. Some of them failed to score in this area.

Expected Response:

- i. Bank balance = \$53 000
Net Book value of Assets = \$ 100 000
- ii. Sales = \$112 800
Gross profit = \$75 200
Wages = \$25 600
Total Expenses = \$35 600

Recommendations

Candidates need to learn basic accounting principles so that they can competently prepare and understand business plans.