

Principles of Business Assignment

Form 4 _____

Name: _____

Instructions:

- Read Chapters 8, 9 & 10 **ENTIRELY** before doing the tasks below.
- After reading, answer the multiple choice questions and exam style questions at the end of **EACH** chapter in your **EXERCISE BOOKS**.
- Then, print out the PDF file sent to you which is an Assignment and complete on the same paper which will be submitted at the beginning of the new term.

Read the case study carefully then answer the following questions. (60 MARKS)

Sarah is planning to establish a cosmetic factory but does not have complete knowledge about starting the operation. As a student of Business, please apply your knowledge of these concepts to highlight Sarah in making accurate decisions.

Questions:

1. Which type of business would you advise her to start? (2 marks)

(A) Sole Trader (B) Partnership (C) Limited Company (D) Franchise

State why.

2. Would you advise her to create a business plan? (2 marks)

(A) Yes (B) No

State why.

3. Sarah would need funds to operate. What should be her likely source of finance? (1 mark)

4. If she chooses to take a loan from the bank; which bank should she choose? (2 marks)

(A) Central Bank (B) Commercial Bank

State why.

5. Give her TWO examples of Commercial Banks in Guyana. (2 marks)

6. Due to the high interest rates offered at Commercial Banks, what other alternative would she have? (1 mark)

(A) Insurance Companies (B) Building Society (C) Micro lending Agency (D) All of the options

7. Give an example of a building society and insurance company in Guyana which Sarah can choose. (2 marks)

8. Which service at the Commercial Banks can allow her to safe keep her valuables at night? (1 mark)

9. Which service at the bank can she use to make payments to her suppliers via their bank accounts? (1 mark)

10. Sarah's business would be affected by these financial institutions when the regulatory bodies make changes. (6 marks)

A. Which bank regulates commercial banks? _____

B. Why are some assets considered liquid?

C. Why should Commercial Banks control the volume of bank lending of loan?

D. How do they control that volume?

E. What determines the interest rates of commercial banks?

F. How would Sarah's operations be disturbed if the government raises the interest rates at the bank?

11. In what ways can Sarah manage the profits that she will make? (2 marks)

12. What would you suggest as the best form of saving for her? (1 mark)

(A) Sou Sou (B) Savings (C) Short term fixed deposit (D) Deposit Account

13. If she chooses to invest her money, which would be the best option? (1 mark)

(A) Stock Market (B) Bonds (C) Debentures (D) Mutual Funds

14. Give Sarah examples of TWO short term and TWO long term sources of financing. (4 marks)

15. If Sarah sets up a small business, would she need to use a single entry bookkeeping or a double entry and state why. (2 marks)

16. When she expands her business, what additional financial statements would she need to prepare? (2 marks)

17. If Sarah decides in the future to divert her operations in another country, what benefits would her business gain from having a safe environment for investors? (2 marks)

18. What government legislation should she follow to protect the environment? (1 mark)

19. Give ONE reason why taxation would be good for her business. (1 mark)

20. State TWO direct and TWO indirect taxes she would have to abide by. (4 marks)

21. Which form of government assistance would be suitable for her business? (1 mark)

22. Briefly state how the FOUR social services would be of benefit to her business. (8 marks)

23. State how the two types of ICT will benefit Sarah's business. (4 marks)

24. Suggest TWO benefits she would gain by having technology. (2 marks)

25. State THREE economic problems faced in Guyana and suggest TWO ways of solving them. (5 marks)
