



THE CHARTERED INSURANCE INSTITUTE

DIPLOMA

APRIL 2010 EXAMINATION PAPER

**UNIT P04
BUSINESS PRACTICE**

INSTRUCTIONS

- Three hours are allowed for this paper.
- Fill in the information requested on the answer booklet and on form B.
- You are allowed to write on the inside pages of this question paper but you must **NOT** write your name, candidate number, PIN or any other identification anywhere on this question paper.
- **The answer booklet and this question paper must be handed in personally by you to the invigilator before you leave the examination. Failure to do this may result in your paper not being marked and you may be prevented from entering this examination in future.**

READ THE INSTRUCTIONS OVERLEAF CAREFULLY BEFORE ANSWERING ANY QUESTIONS.

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P04 – Business practice

CANDIDATE INSTRUCTIONS

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS.

Three hours are allowed for this paper which contains 20 compulsory questions and carries a total of 200 marks.

Answer each question on a new page. If the question has more than one part, leave several lines blank after each part.

It is important to show each step in any calculation, even if you have used a calculator.

You may find it helpful in some places to make rough notes in the answer booklet. If you do this, you should cross through these notes before you hand in the booklet.

Each question is worth 10 marks.

Note form is acceptable where this conveys all the necessary information.

1. (a) State what SWOT and SMART stand for. (4)
(b) Explain their use. (6)

2. Explain briefly:
 - (a) a fixed budget; (3)
 - (b) a flexible budget; (3)
 - (c) a top-down budget; (2)
 - (d) bottom-up budgeting. (2)

3. (a) Define 'public relations'. (2)
(b) Outline four tasks that might typically be undertaken by the public relations department of a company. (8)

4. Describe the principal characteristics of each of the following management styles.
 - (a) Autocratic. (3)
 - (b) Paternalistic. (2)
 - (c) Militaristic. (3)
 - (d) Democratic. (2)

- 5.** In relation to manpower planning:
- (a)** state its purpose; **(3)**
 - (b)** list the three major components involved; **(3)**
 - (c)** list four aspects that might be covered by a manpower action plan. **(4)**
- 6.** Outline five of the main recommendations on corporate governance contained in the Cadbury Report 1992. **(10)**
- 7.** **(a)** Explain the accounting term ‘depreciation’. **(6)**
(b) Give a simple numerical example of one method of depreciation. **(4)**
- 8.** Outline the role of a board of directors of a limited company. **(10)**
- 9.** In relation to business structures, explain briefly the features of the virtual firm. **(10)**
- 10.** Outline five key features of the Health and Safety (Display Screen Equipment) Regulations 1992. **(10)**

- 11.** In relation to changing markets:
- (a)** list four important areas that should be monitored as part of a periodic market analysis; **(4)**
 - (b)** state the main purpose of market analysis; **(3)**
 - (c)** outline the options facing managers, when choosing an ‘appropriate reaction’ to any changes in the market. **(3)**
- 12.** Explain briefly five key features of a business partnership. **(10)**
- 13.** In relation to corporate governance, explain briefly:
- (a)** the purpose of an audit committee; **(6)**
 - (b)** the composition of an audit committee. **(4)**
- 14.** **(a)** Describe briefly three effective ways of achieving a well-motivated workforce. **(6)**
- (b)** List four outcomes of poor motivation. **(4)**
- 15.** **(a)** State what is meant by outsourcing. **(3)**
- (b)** Describe briefly the key benefit for companies who outsource any of their business functions. **(3)**
- (c)** List four additional benefits. **(4)**

- 16. (a)** Give an outline description of the documents that registered companies are legally required to submit to Companies House on a regular basis. **(8)**
- (b)** List two statutory functions of Companies House. **(2)**
- 17. (a)** Before a new product is marketed, its development typically follows a defined route. List the five stages involved. **(5)**
- (b)** List five sources from which ideas for new products typically arise. **(5)**
- 18.** Explain briefly the business and legal reasons for limited companies preparing the following financial statements.
- (a)** Balance sheet. **(6)**
- (b)** Profit and loss account. **(4)**
- 19.** When assessing an individual's performance, outline the key features in the appraisal process. **(10)**
- 20.** Describe briefly the key actions that businesses are required to implement under Money Laundering Regulations. **(10)**

