



THE CHARTERED INSURANCE INSTITUTE

DIPLOMA

OCTOBER 2009 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. List:
 - (a) five ways in which market research may be used; (5)
 - (b) five external sources of market data. (5)

2. In relation to human resources management:
 - (a) list four key requirements that could be included in a recruitment advertisement; (4)
 - (b) outline the criteria you might use to arrive at an applicant short list; (4)
 - (c) identify two criteria that cannot be used as part of the process. (2)

3. Explain briefly the essential features of a mission statement. (10)

4.
 - (a) Outline the role of a company's external auditors. (4)
 - (b) Identify three of the checks the company's external auditors should undertake. (6)

5.
 - (a)
 - (i) Outline the key features of a functional management structure. (4)
 - (ii) Illustrate your answer with an appropriate structure chart. (2)
 - (b) List four other types of organisational structure. (4)

6. (a) List six characteristics of effective internal communications for an organisation. (6)
- (b) Outline four benefits that efficient internal communications will bring to an organisation. (4)
7. In relation to data protection legislation, define the following terms:
- (a) data subject; (1)
- (b) personal data; (5)
- (c) ordinary personal data; (1)
- (d) sensitive personal data. (3)
8. (a) Outline the role of a chief executive officer (CEO). (8)
- (b) Identify two aspects of running an organisation which are likely to be heavily dependent on the personal values of the CEO. (2)
9. (a) Explain briefly:
- (i) budgeting; (3)
- (ii) forecasting. (3)
- (b) List four methods of budgeting. (4)
10. Psychometric tests may be used as part of an organisation's recruitment process.
- (a) Explain briefly the format and purpose of psychometric tests. (6)
- (b) Outline two main disadvantages of using such tests. (4)

11. Outline briefly five features of a company limited by guarantee. **(10)**

12. Prepare and calculate a simple balance sheet using the following end of period figures.

Opening capital	£30,000	
Purchase of freehold premises	£15,000	
Purchase of machinery (on credit)	£10,000	
Profit for period	£500	
(You should ignore depreciation)		(10)

13. (a) Define 'marketing'. **(4)**

(b) List six activities that might be undertaken by a marketing department. **(6)**

14. (a) Explain briefly joint consultation. **(4)**

(b) Outline why joint consultation is a preferred method of building rapport between managers and workers. **(6)**

15. You have been asked to take the minutes at a committee meeting.

List:

(a) five guidelines that might help you achieve this task; **(5)**

(b) five actions you should take after the meeting. **(5)**

- 16.** Outline five key features of management accounting. **(10)**
- 17.** In relation to budgeting and variance analysis, explain briefly the concept of 'management by exception'. **(10)**
- 18.** Outline five phases of the management planning process. **(10)**
- 19.** (a) List five types of media advertisements for financial services promotions that are monitored by the Financial Services Authority (FSA). **(5)**
- (b) Outline what powers the FSA has if it finds an advertisement to be against its rules. **(5)**
- 20.** Outline five actions an organisation can undertake to determine the influence stakeholders may have on the business. **(10)**

