

CARIBBEAN EXAMINATIONS COUNCIL

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF BUSINESS

Paper 02 – General Proficiency

2 hours

07 JANUARY 2009 (a.m.)

Answer the **THREE** questions in Section I and **TWO** questions in Section II as indicated.

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SECTION I

Answer the THREE questions in this section.

1. (a) Define EACH of the following management functions:
- (i) Planning
 - (ii) Organizing
 - (iii) Coordinating
 - (iv) Motivating **(8 marks)**
- (b) Outline FOUR responsibilities of management to its employees. **(8 marks)**
- (c) Outline TWO strategies that workers can use to urge management to consider their request for higher wages. **(4 marks)**

Total 20 marks

2. (a) Define the term 'contract'. **(2 marks)**
- (b) Outline TWO differences between a simple contract and a specialty contract, giving ONE example of EACH type of contract. **(6 marks)**
- (c) Outline THREE ways by which a contract may be terminated. **(6 marks)**
- (d) Discuss TWO rules governing the 'offer' and 'acceptance' of a contract. **(6 marks)**

Total 20 marks

3. (a) (i) Explain what is meant by the term 'extractive production', giving TWO examples of extractive production. **(4 marks)**
- (ii) Identify TWO examples of service industries in the Caribbean. **(2 marks)**
- (b) Explain what is meant by EACH of the following terms, giving ONE example in EACH case:
- (i) Capital intensive production
 - (ii) Labour intensive production **(6 marks)**
- (c) Outline FOUR factors that must be considered in determining a suitable location for a gas station. **(8 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

SECTION II

Answer TWO questions in this section as indicated.

Answer EITHER Question 4 OR Question 5. Do NOT answer both.

4. Ms Mac produces a confectionery locally known as “fudge” and sells it door-to-door. She uses the brand name, Exotic Fudge.
- (a) Define the term ‘branding’. (2 marks)
 - (b) Outline TWO benefits of branding. (4 marks)
 - (c) Explain the four P’s of marketing that must be considered by all entrepreneurs. (8 marks)
 - (d) Suggest TWO benefits that Ms Mac is likely to enjoy by selling her fudge from door-to-door. (4 marks)
 - (e) Identify TWO methods of distribution, other than door-to-door that Ms Mac can use. (2 marks)

Total 20 marks

5. (a) Describe TWO ways in which the Central Bank controls the activities of commercial banks. (4 marks)
- (b) (i) Identify FOUR services that commercial banks offer to their customers. (4 marks)
- (ii) Explain ONE way by which customers benefit from any TWO of the services identified in (i) above. (4 marks)
- (c) (i) Outline TWO differences between ‘short-term capital’ and ‘long-term capital’. (4 marks)
- (ii) Identify TWO sources of short-term capital and TWO sources of long-term capital. (4 marks)

Total 20 marks

Answer EITHER Question 6 OR Question 7. Do NOT answer both.

6. You have been appointed Chief Environmental Officer of your country and have been asked to provide guidelines to ensure that citizens, tourists and businesses cooperate in making the environment safe.

- (a) Recommend TWO guidelines that businesses should follow to ensure that they do not pollute the environment. (4 marks)
- (b) Outline THREE ways by which the government can protect the consumers of your country from unfair business practices. (6 marks)
- (c) Outline TWO ways by which the government can assist in the development of small business enterprises in your country. (4 marks)
- (d) Discuss ONE economic impact, on a country, of an improvement in the following social services:
 - (i) Health care
 - (ii) Transportation system (6 marks)

Total 20 marks

- 7.
- (a) Distinguish between 'standard of living' and 'quality of life'. (4 marks)
 - (b) Identify THREE indicators of a country's standard of living. (3 marks)
 - (c) Identify THREE indicators of a country's quality of life. (3 marks)
 - (d) Outline TWO reasons why countries trade with each other. (4 marks)
 - (e) Evaluate the effectiveness of the following measures in addressing the balance of payments problems of a country:
 - (i) Tariffs
 - (ii) Devaluation (6 marks)

Total 20 marks



END OF TEST