



**CARIBBEAN EXAMINATIONS COUNCIL
SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF BUSINESS

Paper 02 - General Proficiency

2 hours

06 JANUARY 2010 (a.m.)

**Answer ALL the questions in Section I, ONE question in Section II
and ONE question in Section III as indicated.**

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SECTION I

Answer ALL THREE questions in this section.

1.

- (a) (i) Define the term 'barter'. (2 marks)
- (ii) State TWO problems associated with barter. (4 marks)
- (iii) Explain TWO ways in which the use of money can overcome the problems associated with barter. (4 marks)
- (b) Compare the private sector with the public sector in terms of the following:
 - (i) Ownership and control
 - (ii) Objective or motive
 - (iii) Source of capital (6 marks)
- (c) Outline TWO ways in which a free market economy differs from a planned or command economy. (4 marks)

Total 20 marks

2.

- (a) State TWO functions of EACH of the following departments of a business:
 - (i) Marketing
 - (ii) Finance (8 marks)
- (b) State TWO reasons why individuals may decide to start their own business. (2 marks)
- (c) Explain TWO differences between long-term planning and short-term planning. (4 marks)
- (d) State THREE advantages of a private limited company. (6 marks)

Total 20 marks

3. Ms. Vanessa operates a bike rental business from her home, but is contemplating opening a rental office on Main Street in the city.
- (a) Identify FOUR factors that should influence Ms. Vanessa's choice of a business location. (4 marks)
 - (b) State TWO advantages of operating a small business. (4 marks)
 - (c) State TWO disadvantages that may result from business expansion. (4 marks)
 - (d) Identify TWO forms of technology that are essential for operating a business. (2 marks)
 - (e) Describe THREE benefits of using technology in business. (6 marks)
- Total 20 marks**

SECTION II

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

4. (a) Identify TWO sources of income for EACH of the following:
- (i) Individuals
 - (ii) Businesses (4 marks)
- (b) Identify FOUR types of services provided by commercial banks. (4 marks)
- (c) Outline THREE characteristics of a credit union. (6 marks)
- (d) (i) Define the term 'budgeting'. (2 marks)
- (ii) State TWO purposes of budgeting. (4 marks)
- Total 20 marks**

5. (a) Define EACH of the following terms:
- (i) Human resources
 - (ii) Productivity (4 marks)
- (b) Describe the following levels of production:
- (i) Subsistence
 - (ii) Domestic
 - (iii) Surplus (6 marks)
- (c) State TWO ways in which the efficiency of labour can be improved. (4 marks)
- (d) Discuss TWO factors that can impact negatively on the productivity of workers. (6 marks)

Total 20 marks

SECTION III

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

6. (a) (i) Define the term 'standard of living'. (2 marks)
- (ii) Identify TWO indicators of standard of living. (2 marks)
- (b) Distinguish between 'economic growth' and 'economic development', giving TWO examples of EACH. (8 marks)
- (c) (i) Define the term 'balance of payment'. (2 marks)
- (ii) Discuss TWO measures that a country may adopt to address its balance of payments problem. (6 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

7. (a) Define the term 'foreign direct investment' (FDI). (2 marks)
- (b) Outline THREE factors that could discourage FDI from coming to the Caribbean. (6 marks)
- (c) State THREE ways in which FDI may be attracted to the Caribbean. (6 marks)
- (d) Discuss TWO ways in which Caribbean countries benefit from foreign investments. (6 marks)

Total 20 marks

END OF TEST