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CARIBBEAN EXAMINATIONS COUNCIL
SECONDARY EDUCATION CERTIFICATE
EXAMINATION

PRINCIPLES OF BUSINESS

Paper 02 - General Proficiency

2 $\frac{1}{2}$ hours

06 JUNE 1997 (a.m.)

Answer ALL THE QUESTIONS in Section I and ANY THREE in Section II.

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SECTION I

Answer all FOUR questions in this section.

1. Quick Mix Concrete Company employed fifty workers on a construction site. The wages and working conditions were not suitable. After three years, the workers expressed an interest in having representational rights. They sought advice from the General Trade Union Congress. A trade union was selected. The trade union contacted management by letter and indicated that it planned to represent the fifty employees. The Quick Mix Concrete Company decided to dismiss all fifty workers, claiming that a union could never be permitted in the Quick Mix Company.

- (a) Identify the principle which is being violated. (1 mark)
- (b) Discuss THREE roles of a trade union. (3 marks)
- (c) Discuss THREE arguments in support of workers' rights to trade union representation. (3 marks)
- (d) State TWO steps which workers could take to ensure that their rights are not violated. (2 marks)

Total 9 marks

2. Mrs. Nelson purchased a stove under a hire purchase agreement. She signed a sales contract which excluded all guarantees and warranties since she appeared to have been getting a bargain. The stove worked well for four months after which it began to break down frequently. Mrs. Nelson went to court to try to retrieve either her money or a new stove.

- (a) What type of contract is a hire purchase agreement? (1 mark)
- (b) State THREE characteristics of a hire purchase contract. (3 marks)
- (c) (i) Advise Mrs. Nelson whether she would succeed in a court of law. (1 mark)
- (ii) Give TWO reasons for your advice to Mrs. Nelson. (2 marks)
- (d) Identify TWO precautionary measures Mrs. Nelson should take when making future purchases. (2 marks)

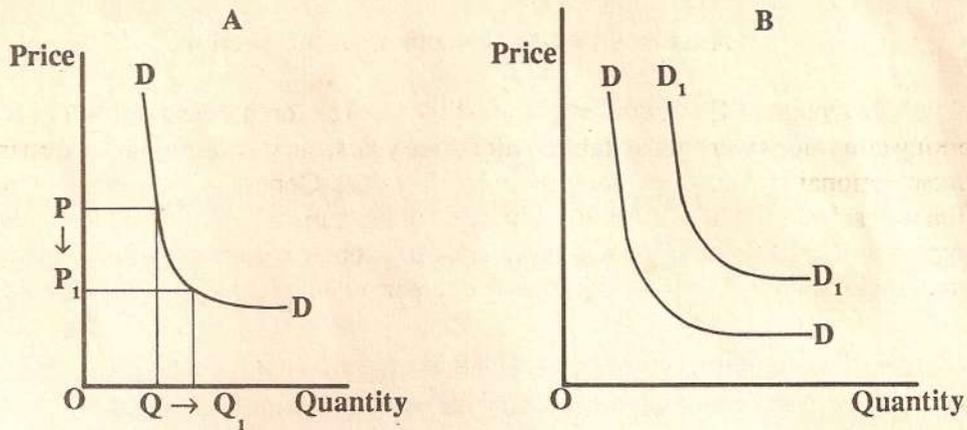
Total 9 marks

3. A small farmer, Ken, obtained a loan from the Development Bank and decided to expand his two-acre citrus farm by relocating to a twenty-acre farm nearer the citrus processing factory.

- (a) State THREE other factors which could determine the relocation of Ken's citrus farm. (3 marks)
- (b) State TWO advantages and TWO disadvantages of producing citrus on this larger scale. (4 marks)
- (c) Suggest TWO incentives the government could provide for farmers like Ken who decide to expand their farms. (2 marks)

Total 9 marks

4.



- (a) Explain TWO differences between diagrams A and B. (2 marks)
- (b) (i) Define demand. (1 mark)
(ii) Explain the relationship between quantity demanded of a good and its price. (2 marks)
- (c) Discuss FOUR factors which affect consumer demand in your country. (4 marks)

Total 9 marks

SECTION II

Answer ANY THREE questions in this section.

5.

After working for ten years as a senior clerical officer in the public sector, Mary concluded that she was living "hand to mouth" because over time she never practised "good money management".

- (a) (i) Define "good money management". (2 marks)
(ii) Explain the importance of personal budgeting to the principle of good money management. (2 marks)
(iii) Suggest TWO good money management techniques that Mary could adopt. (2 marks)
- (b) (i) Identify THREE methods of savings which Mary could employ to improve her money management. (3 marks)
(ii) Of the THREE methods of savings identified, give one advantage of each. (3 marks)

(c) After a recent regrading exercise in the public sector, Mary received a lump sum payment equivalent to six months salary. She deposited most of the money in her savings account. She applied for a loan from her financial institution.

(i) Identify THREE types of collateral which the institution might accept to secure a loan now that she has more savings. (3 marks)

(ii) Explain why the financial institution may have chosen the three types of collateral. (3 marks)

Total 18 marks

6. Some Caribbean countries have been characterised by economic dualism. These countries may also depend on one major export industry for earning foreign exchange.

(a) (i) Explain the meaning of the term "economic dualism". (2 marks)

(ii) Identify FOUR characteristics of economic dualism found in Caribbean countries. (4 marks)

(b) Discuss THREE impacts of economic dualism on Caribbean countries. (6 marks)

(c) Your home country wants to correct economic dualism. Suggest TWO corrections that may be expected under each of the following:

(i) local investment

(ii) foreign investment

(iii) training (6 marks)

Total 18 marks

7. "Tax is the most important source of revenue and taxation is the most common method of financing government activities".

(a) (i) List THREE types of taxes which are imposed on the residents of your country. (3 marks)

(ii) List THREE sources of non-tax revenue available to the government of your country. (3 marks)

(b) State THREE purposes for which taxes are used in your country. For EACH purpose, discuss how effective the tax has been. (6 marks)

(c) Discuss the effect increased taxation may have on:

(i) a population which feels it is already burdened by high taxation.

(ii) a population that is heavily rural in its composition.

(iii) a population that is wealthy. (6 marks)

Total 18 marks

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8. Although problematic, national income figures, especially per capita income, are still being used worldwide to give some indication of the standard of living of a country.

- 3055
- (a) (i) Define the term "standard of living". (2 marks)
 - (ii) Identify TWO limitations of using per capita income in comparing the standard of living among countries. (4 marks)
 - (b) (i) Identify THREE factors which determine the level of production in a country. (3 marks)
 - (ii) Explain how the development of the factors identified in (b) (i) could improve the standard of living in your country. (3 marks)
 - (c) List THREE steps the government could take to improve the standard of living in your country. Discuss how each step will improve the standard of living. (6 marks)

Total 18 marks

9. The Prime Minister of a Caribbean country announced that priority will be given to human resources development in the public sector and that each public sector employee should benefit from at least an hour of training annually.

- 3055
- (a) (i) Define the term "human resources". (2 marks)
 - (ii) What are physical resources? (1 mark)
 - (iii) Suggest THREE reasons why the Prime Minister may have decided that priority should be given to human resources development. (3 marks)
 - (b) Identify THREE benefits that the Caribbean country may gain from the priority placed on human resources development (i) within one year (ii) after five years. (6 marks)
 - (c) Select THREE activities which may be used to develop human resources and explain how these may be administered. (6 marks)

Total 18 marks

END OF TEST

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