

CARIBBEAN EXAMINATIONS COUNCIL
SECONDARY EDUCATION CERTIFICATE
EXAMINATION

PRINCIPLES OF BUSINESS

Paper 02 - General Proficiency

2½ hours

03 JUNE 2003 (a.m.)

Answer ALL THE QUESTIONS in Section I and THREE questions in Section II as indicated.



DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

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SECTION I

Answer ALL THREE questions in this section.

1. (a) List TWO functions of a business. (2 marks)
- (b) Briefly describe TWO of the following types of business organisations:
- (i) Partnership
 - (ii) Public Limited Company
 - (iii) Co-operative (4 marks)
- (c) State TWO advantages which the Public Limited Company has over the Partnership type of business. (4 marks)

Total 10 marks

2. The attack on the World Trade Centre (WTC) in September 2001 has caused a drastic decline in tourist arrivals in the Caribbean. This decline could be due to fear of further terrorist attacks.
- (a) What type of industry is tourism? (1 mark)
- (b) State TWO ways in which declining tourist arrivals can affect the economy of your country. (6 marks)
- (c) List THREE ways in which the tourist industry in your country OR the tourist industry in the Caribbean as a whole may benefit from economies of scale. (3 marks)

Total 10 marks

3. Foreign investors are encouraged to invest in CARICOM countries. Most governments, in an attempt to encourage foreign investors, give incentives advantageous to both parties.
- (a) List FOUR reasons why foreign investors may be encouraged to invest in your country. (4 marks)
- (b) Select any THREE reasons given in (a) above and explain why you think EACH is important. (6 marks)
- (c) State FIVE reasons why Caribbean governments try to attract foreign investment. (10 marks)

Total 20 marks

Answer THREE questions in this section as indicated.

ORGANIZATIONAL PRINCIPLES

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

4. The Manager of the Great Style Garment Factory was very worried when a trade union representative visited the factory and spoke to the workers about becoming unionised. The responsibilities of management to the worker and the benefits of union membership were discussed. The union representative also indicated that setting up a 'grievance procedure' could benefit both the company and the workers.
- (a) State ONE reason why the manager may have been worried about his workers joining a trade union. (2 marks)
 - (b) Outline FOUR benefits which membership in a trade union can bring to employees. (8 marks)
 - (c) List FOUR responsibilities of the management of Great Style Garment Factory to its workers. (4 marks)
 - (d) Explain the term 'grievance procedure'. (2 marks)
 - (e) Outline TWO benefits which the firm can obtain from using a grievance procedure. (4 marks)

Total 20 marks

5. The following information appeared in a daily newspaper.

<https://principlesofbusiness.net/>

Property Services, No. 56 Newpark Saletown

Public Auction Sale

On January 25, 2002 at 10:00 a.m.

I will offer for sale on the date and at the place mentioned above the following vehicle:

One 1999 Toyota Mini Bus

Terms of Sale:

- Strictly cash on the fall of the hammer.
- Vehicle on view on the morning of the sale.
- Vehicle will be sold as is where is.

John Brown
Auctioneer

Tom Phillip who lived twenty miles away, drove to the address on the date specified with the intention of purchasing the minibus.

On arrival he was told by the auctioneer that the mini bus was no longer available and was removed from the items to be auctioned.

Tom Phillip became furious, threatened to sue for breach of contract and demanded a refund of his travelling expenses.

- (a) Define the term 'contract'. (2 marks)
- (b) (i) By attending the public auction sale did Tom Phillip accept a firm offer? (1 mark)
- (ii) Give ONE reason for your answer in (b)(i) above. (2 marks)
- (c) What do you understand by 'vehicle will be sold as is where is'? (2 marks)
- (d) (i) Define the term 'breach of contract'. (2 marks)
- (ii) State ONE way in which a court may settle a breach of contract. (1 mark)
- (e) State TWO ways by which a contract can be terminated or discharged. (4 marks)
- (f) (i) Should John Brown refund Tom Phillip's travelling expenses? (1 mark)
- (ii) Give ONE reason for your answer to (f)(i) above. (2 marks)
- (g) (i) Advise Tom Phillip whether he will succeed in court against John Brown. (1 mark)
- (ii) Give ONE reason for your advice in (g)(i) above. (2 marks)

Total 20 marks

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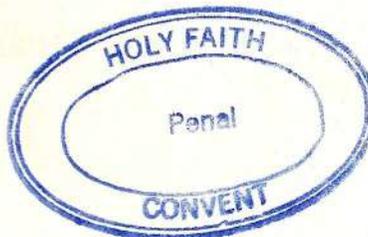
Answer EITHER Question 6 OR Question 7. Do NOT answer both.

6. (a) Define the term 'marketing management'. (2 marks)
- (b) (i) Identify FIVE marketing activities for which the marketing manager of a business is responsible. (5 marks)
- (ii) Describe TWO of the activities which you have identified in (b)(i) above. (4 marks)
- (c) The Consumers' Protection Act contains measures aimed at protecting consumers.
- (i) Define 'consumerism'. (2 marks)
- (ii) List THREE ways in which the Consumers' Protection Act gives protection to consumers. (3 marks)
- (iii) State how ANY TWO of the measures you identified in (c)(ii) above protect the consumer. (4 marks)

Total 20 marks

7. (a) What is meant by the term 'distribution chain'? (2 marks)
- (b) Identify FOUR types of outlets from which consumers can purchase products. (4 marks)
- (c) State THREE reasons why wholesalers are important in the marketing of products. (6 marks)
- (d) State FOUR reasons why hire purchase is a very popular terms of sale method. (8 marks)

Total 20 marks



Answer EITHER Question 8 OR Question 9. Do NOT answer both.

8. Manor Isle is a small mountainous island in the Caribbean. The government claims that the country is doing well, pointing to the number of new motor vehicles imported into the country as one evidence of this. The opposition political party and some business leaders refute the government's claim, pointing to the national income data as evidence.

- (a) Define the term 'standard of living'. (2 marks)
- (b) Outline THREE factors that may affect the standard of living of the people of Manor Isle. (6 marks)
- (c) (i) List TWO ways of measuring the national income of Manor Isle. (2 marks)
(ii) State how the methods listed in (c)(i) above are used to measure national income. (4 marks)
- (d) State TWO reasons why national income may be a poor measure of the standard of living of the people of Manor Isle. (4 marks)
- (e) Differentiate between **growth** and **development**. (2 marks)

Total 20 marks

9. Jane Steel has a small shop in the rural town of Mavis Hill. She buys and sells a wide range of items. Some of these items are imported by Jane Steel. In recent times there has been increased levels of crime in the community, with several businesses in the area being the target of robberies and arson.

- (a) Distinguish between 'insurance' and 'assurance'. (2 marks)
- (b) State THREE principles upon which insurance is based. (3 marks)
- (c) Identify THREE types of insurance risks which businesses in Mavis Hill could insure against and state how businesses in the community can benefit by insuring against those risks. (6 marks)
- (d) (i) Identify THREE trade documents that Jane Steel may use when importing goods. (3 marks)
(ii) State the purpose of EACH of the THREE trade documents you identified in (d) (i) above. (6 marks)

Total 20 marks

END OF TEST