

FORM TP 2013109



TEST CODE **01240020**

MAY/JUNE 2013

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**C A R I B B E A N S E C O N D A R Y E D U C A T I O N C E R T I F I C A T E[®]
E X A M I N A T I O N**

P R I N C I P L E S O F B U S I N E S S

Paper 02 – General Proficiency

2 hours

29 MAY 2013 (a.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer the **THREE** questions in Section I, **ONE** in Section II and **ONE** in Section III as indicated.
2. All answers must be written in the booklet provided.
3. Begin **EACH** question on a separate page.
4. Keep **ALL** parts of **EACH** answer together.
5. **EACH** question is worth 20 marks.

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



SECTION I

Answer the THREE questions in this section.

1. (a) List TWO types of documents used in business transactions. (2 marks)
- (b) (i) Distinguish between the terms 'insurance' and 'assurance'. (4 marks)
- (ii) Identify TWO types of insurance policies. (2 marks)
- (c) Outline TWO **unethical** business practices related to record keeping and state ONE consequence of EACH practice outlined. (6 marks)
- (d) Discuss TWO benefits of keeping good business records. (6 marks)

Total 20 marks

2. (a) Define the term 'management information system'. (2 marks)
- (b) State TWO benefits and TWO challenges of using a management information system. (4 marks)
- (c) (i) Outline THREE ways of resolving conflict among employees in an organization. (6 marks)
- (ii) State TWO responsibilities of management to employees. (2 marks)
- (d) Discuss TWO strategies which management can use to increase productivity. (6 marks)

Total 20 marks

3. Distribution is a very important aspect of business; therefore firms must always assess how their products reach consumers.
- (a) Outline THREE reasons why wholesaling is important in the distribution of goods and services. (6 marks)
- (b) Distinguish between EACH of the following pairs of retailing methods:
- (i) E-commerce and telemarketing
- (ii) Convenience shops/stores and supermarkets (8 marks)
- (c) Discuss TWO factors that may influence the type of packaging used in the presentation of goods to consumers. (6 marks)

Total 20 marks

SECTION II

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

4. Janice needs funds to open a pasta production business.
- (a) (i) Identify THREE sources of capital for Janice to start her business. **(3 marks)**
 - (ii) Define the term 'collateral'. **(2 marks)**
 - (iii) List TWO examples of collateral. **(2 marks)**
 - (b) (i) Identify THREE personal traits which Janice should possess in order to be successful in business. **(3 marks)**
 - (ii) Describe TWO roles of an entrepreneur. **(4 marks)**
 - (c) Discuss TWO factors which Janice must consider when deciding whether she should set up a sole proprietorship or a partnership business. **(6 marks)**

Total 20 marks

5. (a) (i) State TWO functions of transportation in business. **(2 marks)**
- (ii) Outline TWO advantages of road or land transport. **(4 marks)**
- (b) (i) Describe TWO problems related to the distribution of goods in your country. **(4 marks)**
- (ii) Outline ONE measure that can be used to solve EACH problem described in (b) (i) above. **(4 marks)**
- (c) Discuss TWO types of commercial banking services available to businesses engaged in transportation. **(6 marks)**

Total 20 marks

SECTION III

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

6. A government senator reported that, even though his country was experiencing financial difficulties, it was too early to say whether the government would be forced to increase taxes or reduce subsidies.

- (a) (i) Define the term 'taxes'. **(2 marks)**
- (ii) Define the term 'subsidies'. **(2 marks)**
- (iii) State TWO reasons why governments impose taxes. **(2 marks)**
- (iv) Identify TWO services which a government in the Caribbean would normally subsidize. **(2 marks)**
- (b) (i) Differentiate between 'progressive' taxes and 'regressive' taxes. **(2 marks)**
- (ii) List TWO examples of direct taxes. **(2 marks)**
- (iii) List TWO examples of indirect taxes. **(2 marks)**

Poultry farmers in your country have complained about the increase in the quantities of chicken parts being imported.

- (c) Discuss TWO steps which your government could take to protect the interests of local poultry farmers. **(6 marks)**

Total 20 marks

7. (a) (i) Define the term 'per capita income'. **(2 marks)**
- (ii) Explain how per capita income is calculated. **(2 marks)**
- (iii) State ONE advantage and ONE disadvantage of using per capita income to measure a country's standard of living. **(2 marks)**
- (iv) List TWO factors, **other than per capita income**, which may be used to measure the standard of living. **(2 marks)**
- (b) Discuss TWO factors which may cause the per capita income of a country to rise. **(6 marks)**
- (c) (i) Describe any TWO of the following methods used to calculate a country's national income:
- a) The income method
 - b) The expenditure method
 - c) The output method **(4 marks)**
- (ii) State TWO factors which make it difficult to compare the standard of living of different countries. **(2 marks)**

Total 20 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.