FORM TP 2011109

TEST CODE **01240020**

MAY/JUNE 2011

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

SECONDARY EDUCATION CERTIFICATE EXAMINATION

PRINCIPLES OF BUSINESS

Paper 02 – General Proficiency

2 hours

25 MAY 2011 (a.m.)

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

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

Copyright © 2009 Caribbean Examinations Council
All rights reserved.

SECTION I

Answer the THREE questions in this section.

1. (a) State TWO characteristics of EACH of the following types of leadership styles:

(i) Democratic **(4 marks)**

(ii) Autocratic **(4 marks)**

(b) State THREE essential characteristics of a good leader. **(6 marks)**

(c) Discuss how the lack of TWO of the essential characteristics of good leadership identified in (b) above can affect an organization. **(6 marks)**

Total 20 marks

2. (a) Define the term 'feasibility study'. **(2 marks)**

(b) Outline THREE instances where feasibility studies are useful. **(6 marks)**

(c) State THREE roles of an entrepreneur. **(6 marks)**

(d) Discuss TWO ways in which entrepreneurs contribute to the development of your country. **(6 marks)**

Total 20 marks

3. (a) (i) Define the term 'savings'. **(2 marks)**

(ii) List TWO methods of saving that are available to individuals. **(2 marks)**

(b) Identify TWO sources of short-term financing and TWO sources of long-term financing. **(4 marks)**

(c) Explain the role of the Central Bank as

(i) an advisor to the government **(3 marks)**

(ii) a lender of last resort. **(3 marks)**

(d) Identify TWO types of monetary transactions that can be conducted within the banking system without the use of cash. Discuss how EACH transaction is performed. **(6 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

SECTION II

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

4. (a) Distinguish between the terms ‘market’ and ‘marketing’. **(4 marks)**

(b) State FOUR reasons for conducting market research. **(4 marks)**

(c) (i) Define the term ‘monopoly’. **(2 marks)**

(ii) State TWO features of monopolistic competition. **(4 marks)**

(d) Discuss ONE potential problem related to the distribution of goods

(i) locally

(ii) internationally. **(6 marks)**

Total 20 marks

5. (a) (i) Identify TWO types of credit methods provided by commercial banks. **(2 marks)**

(ii) Explain how EACH of the TWO types of credit methods identified in (a) (i) works. **(6 marks)**

(b) State TWO reasons why business documents are important in international trade. **(2 marks)**

(c) Distinguish between the terms ‘credit note’ and ‘debit note’. **(4 marks)**

(d) Discuss TWO reasons why a supplier may use a ‘pro forma invoice’. **(6 marks)**

Total 20 marks

SECTION III

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

6. (a) Explain what is meant by the statement 'government is a regulator of business', giving TWO examples to support your explanation. **(5 marks)**

(b) State THREE purposes of taxation. For EACH of the purposes stated, explain how the government in your country uses the taxes collected. **(9 marks)**

(c) Discuss EACH of the following consumer protection legislations showing how EACH benefits consumers.

(i) Food and drug standards

(ii) Hire purchase laws **(6 marks)**

Total 20 marks

7. (a) Explain how the national income of a country is measured using EACH of the following methods:

(i) Income

(ii) Expenditure

(iii) Output **(6 marks)**

(b) Explain ONE function of EACH of the following organizations:

(i) Caribbean Development Bank

(ii) World Bank

(iii) International Monetary Fund **(6 marks)**

(c) Explain what is meant by CSME. **(2 marks)**

(d) Discuss TWO ways in which the CSME can assist in the economic development of Caribbean countries. **(6 marks)**

Total 20 marks

END OF TEST