FORM TP 2022112

TEST CODE **01240020**

MAY/JUNE 2022

CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN SECONDARY EDUCATION CERTIFICATE® EXAMINATION

PRINCIPLES OF BUSINESS

Paper 02 – General Proficiency

2 hours

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of FIVE questions. Answer ALL questions.
2. Write your answers in the spaces provided in this answer booklet.
3. Do NOT write in the margins.
4. You are advised to take some time to read through the paper and plan your answers.
5. If you need to rewrite any answer and there is not enough space to do so on the original page, you must use the extra lined page(s) provided at the back of this booklet. **Remember to draw a line through your original answer.**
6. **If you use the extra page(s) you MUST write the question number clearly in the box provided at the top of the extra page(s) and, where relevant, include the question part beside the answer.**

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

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Answer ALL questions.

1. Joanne wants to set up a cosmetic store in her community and therefore needs to collect data to determine the feasibility of this type of business.

(a) (i) Identify the TWO main types of research data she would need to gather in order to establish the business.

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(2 marks)

(ii) State ONE source of EACH type of data identified in (a) (i).

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(2 marks)

(b) State FOUR reasons why Joanne may want to set up her own business.

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(4 marks)

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(c) Outline THREE steps that Joanne must take in setting up the cosmetic business.

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(d) Explain ONE benefit of short-term planning and ONE benefit of long-term planning to the successful operations of a business.

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(6 marks)

Total 20 marks

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2. (a) (i) Define the term 'simple contract'.

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(2 marks)

(ii) Describe the THREE characteristics of a specialty contract.

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(6 marks)

(b) Outline what is meant by EACH of the following conditions of offer and acceptance relating to a contract:

(i) Offer

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(2 marks)

(ii) Counteroffer

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(2 marks)

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(c) Briefly explain ONE way in which a contract may be terminated or discharged.

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(2 marks)

(d) Doris offers to sell Mark one of her cars. She intends to sell him the red five-year-old Tomato Excel but Mark thinks she is selling him the yellow three-year-old Scotch Bonnet Deluxe, which he told Doris he liked very much. Mark sends his mechanic to check the car. The mechanic returns and tells him that the car is in very good working condition. Mark pays Doris for the car by way of a manager's cheque. However, when the car is delivered, it is the Tomato Excel instead of the Scotch Bonnet Deluxe. Mark is convinced that Doris tricked him and plans to sue her.

(i) State the legal term used to describe the situation that has occurred between Doris and Mark.

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(1 mark)

(ii) Suggest THREE actions that could have been taken by either Doris or Mark to prevent this situation from occurring.

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(3 marks)

(iii) Recommend TWO ways in which the situation could be settled without Mark taking legal action.

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(2 marks)

Total 20 marks

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3. Cottage and linkage industries play a vital role in the economic development of Caribbean economies.

(a) (i) List FOUR characteristics of cottage industries.

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(4 marks)

(ii) State TWO examples of products manufactured by cottage industries in the Caribbean.

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(2 marks)

(b) Outline ONE way in which stakeholders in the tourism industry may benefit from cottage production.

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(2 marks)

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(c) Differentiate between 'primary production' and 'secondary production', stating ONE example of EACH.

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(4 marks)

(d) Outline ONE benefit of increased capital on the growth of a business.

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(2 marks)

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(e) Explain TWO ways in which linkage industries assist in the economic development of a country.

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(6 marks)

Total 20 marks

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4. (a) (i) Identify the TWO missing links in the distribution chain shown in Figure 1.



Figure 1. Distribution chain

A .....

B .....

(2 marks)

(ii) Describe the function of any TWO links in the distribution chain in Figure 1.

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(4 marks)

(b) List FOUR forms of technology utilized in logistics and supply chain operations.

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(4 marks)

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(c) Outline TWO benefits of information technology to logistics and supply chain operations.

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(4 marks)

(d) Alex is in the business of importing exotic food items for several local restaurants and hotels on the island.

(i) Identify TWO problems that he may likely encounter when obtaining foods from his various distributors around the world.

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(2 marks)

(ii) For EACH problem identified in (d) (i), outline ONE measure which could be implemented to reduce or prevent its occurrence.

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(4 marks)

Total 20 marks

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5. (a) (i) Define the term 'unemployment'.

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(2 marks)

(ii) List THREE different types of unemployment.

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(3 marks)

(iii) Outline ONE way in which a government can assist in reducing unemployment in its country.

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(2 marks)

(b) (i) State THREE reasons why Caribbean nationals migrate to countries outside of the region.

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(3 marks)

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(ii) Outline ONE negative effect on Caribbean countries when their citizens migrate.

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(2 marks)

(c) (i) Define the term 'foreign investment'.

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(2 marks)

(ii) Explain TWO ways in which foreign investment could have a positive impact on Caribbean countries.

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(6 marks)

Total 20 marks

END OF TEST

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

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