FORM TP 2010104

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CARIBBEAN EXAMINATIONS COUNCIL

SECONDARY EDUCATION CERTIFICATE EXAMINATION

PRINCIPLES OF BUSINESS

Paper 02 – General Proficiency

2 hours

27 MAY 2010 (a.m.)

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

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SECTION I

Answer the THREE questions in this section.

1. (a) Define the term 'business plan'. **(2 marks)**

(b) Describe the following elements of a business plan:

(i) Business Identification

(ii) Product or Service Description

(iii) Market Strategy

(iv) Organization or Management **(8 marks)**

(c) Identify FOUR elements which the Executive Summary should contain. **(4 marks)**

(d) State THREE reasons why a business plan is necessary. **(6 marks)**

Total 20 marks

2. (a) State the difference between a simple contract and a 'mere agreement'. **(4 marks)**

(b) List FOUR requirements of a valid contract. **(4 marks)**

(c) John Pebbles requested Albert Rock to transport a group of young people to a concert. The agreed cost of the trip was $5000. John made a down payment of $100. However, the group felt that the price was too much, and decided to cancel the trip. Albert was not informed about the change of plans so he presented his transport at the appointed time to take the group to the concert. John Pebbles then told Albert that he was very sorry that the group had changed its plans. Albert demanded that John pay him immediately or face the courts. John refused to pay on the grounds that he received no service from Albert.

(i) Based on the information in the case, justify why the arrangement between John and Albert can be considered a valid contract. **(2 marks)**

(ii) Using information from the case, determine whether there was a 'breach of contract'. Justify your answer. **(4 marks)**

(iii) Identify TWO remedies that a court can award for breach of contract. **(2 marks)**

(d) Outline TWO ways (apart from breach) by which a contract may be terminated or discharged.

(4 marks)

Total 20 marks

3. (a) State TWO advantages of small businesses. **(4 marks)**

(b) Identify TWO relationships that exist between cottage industries and small businesses. **(4 marks)**

(c) Outline THREE benefits of operating cottage industries. **(6 marks)**

(d) Discuss TWO ways in which small businesses contribute to Caribbean economies. **(6 marks)**

Total 20 marks

SECTION II

Answer ONE question in this section as indicated.

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

4. (a) Distinguish between capital intensive production and labour intensive production, giving ONE example of EACH form of production. **(6 marks)**

(b) Employees must be technologically competent to succeed in today's workplace. List FOUR technological competencies that today's employees need. **(4 marks)**

(c) State TWO disadvantages of modern technology. **(4 marks)**

(d) Discuss TWO ways by which modern technology can improve the efficiency of businesses. **(6 marks)**

Total 20 marks

5. (a) (i) Define the term 'branding'. **(2 marks)**

(ii) State TWO ways in which branding influences the packaging of a product. **(4 marks)**

(b) Discuss TWO reasons for branding a product. **(6 marks)**

(c) Identify FOUR factors that influence consumer behaviour. **(4 marks)**

(d) Outline TWO ways by which producers can prevent their products from being reproduced by unauthorized persons. **(4 marks)**

Total 20 marks

SECTION III

Answer ONE question in this section as indicated.

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

6. (a) Identify TWO indicators of economic growth. **(2 marks)**

(b) State ONE difference between economic growth and economic development. **(3 marks)**

(c) Describe THREE ways in which a society benefits from rules and regulations enforced by government. **(6 marks)**

(d) Discuss THREE ways in which a country can achieve positive economic growth. **(9 marks)**

Total 20 marks

7. (a) Outline THREE benefits that a country may gain from engaging in international trade. **(6 marks)**

(b) Distinguish between balance of trade and balance of payments and illustrate with the use of an example, how EACH is calculated. **(8 marks)**

(c) Discuss TWO ways in which an improvement in the quality of education can affect economic growth and development. **(6 marks)**

Total 20 marks

END OF TEST