FORM TP 2013109

TEST CODE **01240020**

MAY/JUNE 2013

CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN SECONDARY EDUCATION CERTIFICATE® EXAMINATION

PRINCIPLES OF BUSINESS

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.

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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

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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 ouptut 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.