

TEST CODE **01240020**

**FORM TP 2008118**

MAY/JUNE 2008

**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*

**27 MAY 2008 (a.m.)**

**Answer the THREE questions in Section I and TWO questions in Section II as indicated.**

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**SECTION I**

**Answer the THREE questions in this section.**

1. (a) Identify FOUR departments of a typical business. (4 marks)
- (b) Outline ONE function of EACH of the departments identified in (a) above. (4 marks)
- (c) There is an increased demand for soft drinks at Christmas time. Explain how this increased demand will affect the activities of any FOUR departments in a soft drink firm. (8 marks)
- (d) State TWO ways in which management can resolve conflict within the organisation. (4 marks)

**Total 20 marks**

2. (a) List TWO levels of production and explain the MAIN difference between them. (4 marks)
- (b) Outline ONE main difference between primary and secondary production, giving ONE example of EACH. (4 marks)
- (c) (i) Describe TWO features of cottage industries.
- (ii) State ONE way in which EACH feature described in (i) above, contributes to economic development. (6 marks)
- (d) Discuss TWO ways in which linkage industries can assist in the development of Caribbean economies. (6 marks)

**Total 20 marks**

3. Flour Hill has one shopping mart that purchases baked goods from a supplier in the nearest city, which is 75 miles away. In the last two weeks the owner of the shopping mart has had an unusual amount of complaints about the baked goods being spoilt and stale.
- (a) State THREE factors that influence consumer behaviour. (6 marks)
- (b) Identify TWO organisations in your country where consumers can seek redress for unfair treatment. (2 marks)
- (c) Outline TWO possible distribution channels that can be used to deliver the baked products to the final consumer. (4 marks)

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- (d) Select an appropriate method of transportation for EACH of the following products giving ONE reason for your choice.
- (i) Fresh flowers
  - (ii) Cement
  - (iii) Daily newspaper
  - (iv) Money
- (8 marks)**

**Total 20 marks**

## SECTION II

**Answer TWO questions in this section as indicated.**

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

4. (a) State TWO reasons why an individual may want to set up a business. **(4 marks)**
- (b) Outline THREE ways in which businesses contribute to the development of a community. **(6 marks)**
- (c) Define the following terms, giving an example of EACH:
- (i) Public sector
  - (ii) Private sector
- (6 marks)**
- (d) State TWO reasons why a government may nationalize an industry. **(4 marks)**

**Total 20 marks**

5. (a) State the MAIN purpose of a business plan. **(2 marks)**
- (b) Describe the FOUR elements of a business plan. **(8 marks)**
- (c) Identify TWO forms of collateral. **(2 marks)**
- (d) Outline TWO reasons why bankers require collateral from borrowers. **(4 marks)**
- (e) Explain TWO ways in which unethical business practices impact on the borrower. **(4 marks)**

**Total 20 marks**

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

6. A CARICOM country, in the year 2000, experienced an increase in real Gross Domestic Product (GDP) by 2%. This resulted in an improvement in the standard of living and the quality of life enjoyed by individuals in that country.

- (a) Distinguish between 'standard of living' and 'quality of life'. (4 marks)
- (b) Explain what is meant by an 'increase in real GDP by 2%'. (3 marks)
- (c) Outline THREE factors that could have contributed to an improvement in the country's standard of living. (6 marks)
- (d) Describe TWO ways by which the Gross National Product (GNP) of a country may be measured. (4 marks)
- (e) Discuss how a country can experience an increase in real GDP without an improvement in its standard of living. (3 marks)

**Total 20 marks**

7. CARICOM has decided to establish a Single Market and Economy for the Caribbean region.

- (a) (i) Explain what is meant by 'single market', as it relates to CARICOM. (3 marks)
- (ii) State THREE aims of CARICOM. (3 marks)
- (b) Outline THREE advantages of CARICOM's Single Market and Economy. (6 marks)
- (c) Identify ONE **major** economic problem faced by Caribbean countries and discuss a possible solution to that problem. (4 marks)
- (d) Identify ONE social service provided by the government of your country and explain how that social service contributes to the economic development of your country. (4 marks)

**Total 20 marks**



**END OF TEST**

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