

## CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN SECONDARY EDUCATION CERTIFICATE®  
EXAMINATION

## PRINCIPLES OF BUSINESS

## Paper 02 – General Proficiency

*2 hours***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. 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. You may use a silent, non-programmable calculator to answer questions.
6. 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.**
7. **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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**SECTION I**

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

1. (a) Define EACH of the following terms:

(i) Traditional economic system

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**(2 marks)**

(ii) Planned economic system

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**(2 marks)**

(b) (i) State TWO advantages of a mixed economic system.

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**(2 marks)**



(ii) State TWO disadvantages of a mixed economic system.

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(2 marks)

(c) Outline THREE ways in which a business could fulfill its role to government.

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(6 marks)



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(d) Explain ONE way in which EACH of the following stakeholders contributes to the success of a business:

(i) Business owners

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**(3 marks)**

(ii) Employees

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**(3 marks)**

**Total 20 marks**

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2. (a) (i) Define the term 'teamwork'.

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(2 marks)

(ii) State TWO advantages and TWO disadvantages of teamwork within an organization.

Advantages .....

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Disadvantages .....

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(4 marks)



(b) Outline TWO examples that show how teamwork is used at a school or in a workplace.

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**(4 marks)**

(c) List FOUR important elements in the communication process.

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**(4 marks)**



(d) Using an example, outline ONE strategy for effective communication between EACH of the following groups:

(i) Teachers and students

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(3 marks)

(ii) Teachers and parents

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(3 marks)

**Total 20 marks**

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3. (a) (i) Define the term 'entrepreneur'.

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**(2 marks)**

(ii) State TWO advantages and TWO disadvantages of being an entrepreneur.

Advantages .....

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Disadvantages .....

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**(4 marks)**

(b) (i) Identify FOUR characteristics of an entrepreneur.

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**(4 marks)**

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(ii) Identify TWO problems faced by entrepreneurs.

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(2 marks)

(iii) Outline ONE way in which any ONE problem identified in (ii) above may be resolved.

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(2 marks)

(c) Explain TWO ways in which entrepreneurship benefits an economy.

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**SECTION II**

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

4. (a) (i) Define the term 'marketing'.

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**(2 marks)**

(ii) List the FOUR elements of the 'marketing mix'.

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**(4 marks)**



- (b) (i) State TWO reasons why firms engage in public relations (PR).

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**(2 marks)**

- (ii) Describe THREE marketing methods, other than social media, employed by businesses to promote sales.

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**(6 marks)**

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(c) Explain TWO ways in which businesses can use social media to promote sales.

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**(6 marks)**

**Total 20 marks**



5. (a) List THREE services offered by EACH of the following institutions:

(i) Commercial banks

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(3 marks)

(ii) Central banks

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(3 marks)

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(b) Differentiate between a 'current account' and an 'ordinary savings account'.

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(4 marks)

(c) Outline TWO ways in which technology has influenced banking and commerce.

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(4 marks)



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(d) Explain TWO ways in which a central bank regulates the activities of commercial banks.

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**(6 marks)**

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**SECTION III**

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

6. (a) (i) State TWO differences between 'direct taxes' and 'indirect taxes'.

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**(4 marks)**

- (ii) List ONE example of a direct tax and ONE example of an indirect tax.

Direct .....

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Indirect .....

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**(2 marks)**





- (b) (i) Outline THREE reasons why governments charge taxes.

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**(6 marks)**

- (ii) Identify TWO sources of government revenue, other than taxes.

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**(2 marks)**

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(c) Explain why the higher income earner pays more than the lower income earner under EACH of the following forms of taxation:

(i) Proportional

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(3 marks)

(ii) Progressive

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(3 marks)

**Total 20 marks**



7. (a) (i) Define the term 'international trade'.

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(2 marks)

(ii) Outline THREE reasons why countries trade with each other.

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- (b) (i) Differentiate between 'balance of trade' and 'balance of payments'.

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**(4 marks)**

- (ii) List TWO components of a balance of payments account.

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**(2 marks)**



(c) Explain TWO ways in which governments can address a balance of payments deficit.

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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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