



FORM TP 2011028

JANUARY 2011

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

05 JANUARY 2011 (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) State FOUR characteristics of a:
- (i) Partnership (4 marks)
 - (ii) Private limited company (4 marks)
- (b) Discuss TWO advantages a business would enjoy by converting from a partnership to a private limited company. (6 marks)
- (c) Outline THREE ways in which a free market economy differs from a planned or command economy. (6 marks)

Total 20 marks

2. (a) Compare the private sector with the public sector in terms of the following:
- (i) Ownership and control
 - (ii) Objective
 - (iii) Source of capital (6 marks)
- (b) Outline TWO benefits a business can provide to EACH of the following:
- (i) A sole proprietor
 - (ii) The community (8 marks)
- (c) Discuss TWO ways in which government can promote business activity. (6 marks)

Total 20 marks

3. (a) State THREE benefits a business may receive from advertising its goods or services. (6 marks)
- (b) Distinguish between advertising and sales promotion, giving TWO examples of EACH. (8 marks)
- (c) A supermarket awards ten scholarships to students each year for outstanding academic achievement. Discuss TWO benefits, **to the supermarket**, of this public relations activity. (6 marks)

Total 20 marks

SECTION II

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

4. (a) Identify FOUR sources of personal income. (4 marks)
- (b) (i) Explain what is meant by the term 'budgeting'. (2 marks)
- (ii) State TWO advantages of budgeting. (4 marks)
- (c) State TWO factors that must be considered when choosing a form of savings. (4 marks)
- (d) Discuss TWO reasons for saving money in a bank as opposed to keeping it at home. (6 marks)

Total 20 marks

5. (a) In order to produce goods and services, the five M's of production – Men, Money, Materials, Machinery and Method – must be present.
- Identify the traditional factors of production that EACH of the five M's, in the above statement, represents. (5 marks)
- (b) Distinguish between the following pairs of terms:
- (i) Primary production and tertiary production
- (ii) Subsistence level production and domestic level production
- (iii) Backward linkage and forward linkage (9 marks)
- (c) Discuss TWO factors that must be considered when selecting a location for a large shopping mall. (6 marks)

Total 20 marks

SECTION III

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

6. (a) Identify ONE social service provided by the government of your country and evaluate its impact on the country. (4 marks)
- (b) Describe the following functions of government:
- (i) National security
 - (ii) Maintenance of safe environment for investors
 - (iii) Job security (6 marks)
- (c) Outline TWO forms of assistance offered by Caribbean governments to businesses. (4 marks)
- (d) Discuss TWO actions the government of your country can take to protect the environment. (6 marks)

Total 20 marks

7. (a) (i) Define the term 'human resources'. (2 marks)
- (ii) Outline THREE factors that affect human resource development in any **named** CARICOM country. (6 marks)
- (b) State TWO ways in which human resources can be developed in the country identified in (a) (ii) above. (4 marks)
- (c) Identify TWO **major** economic problems facing Caribbean countries and discuss ONE measure that can be used to address EACH problem. (8 marks)

Total 20 marks

END OF TEST