CANDIDATE – PLEASE NOTE!

PRINT your name on the line below and return this booklet with your answer sheet. Failure to do so may result in disqualification.

FORM TP 2024115

TEST CODE **01240010**

MAY/JUNE 2024

CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN SECONDARY EDUCATION CERTIFICATE® EXAMINATION

PRINCIPLES OF BUSINESS

Paper 01 – General Proficiency

1 hour 15 minutes

22 MAY 2024 (p.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This test consists of 60 items. You will have 1 hour and 15 minutes to answer them.

2. In addition to this test booklet, you should have an answer sheet.

3. Each item in this test has four suggested answers lettered (A), (B), (C), (D). Read each item you are about to answer and decide which choice is best.

4. On your answer sheet, find the number which corresponds to your item and shade the space having the same letter as the answer you have chosen. Look at the sample item below.

Sample Item

The money that a business receives from the sale of goods or services is called

(A) assets
(B) capital
(C) income
(D) resources

Sample Answer



The best answer to this item is "income", so (C) has been shaded.

5. If you want to change your answer, erase it completely before you fill in your new choice.

6. When you are told to begin, turn the page and work as quickly and as carefully as you can. If you cannot answer an item, go on to the next one. You may return to that item later.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

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1. Which of the following types of business environments is MOST typical of the Commonwealth Caribbean?

(A) Corporate state
(B) Mixed economy
(C) Centrally planned
(D) Perfectly competitive

2. Which of the following is NOT an example of an unethical business practice?

(A) Money laundering
(B) Non-payment of taxes
(C) Retrenching inefficient workers
(D) Use of misleading advertisements

3. The policies of a company are usually formulated by the

(A) auditors
(B) directors
(C) managers
(D) shareholders

4. Which of the following are advantages of a sole trader?

I. Shared profits
II. Ease of set up
III. Flexible working hours

(A) I and II only
(B) I and III only
(C) II and III only
(D) I, II and III

5. A **major** function of the public sector is to

(A) make a profit
(B) serve the entire population
(C) serve the interests of the shareholder
(D) inspire competition among businesses

6. A *laissez-faire* leader can be described as one who

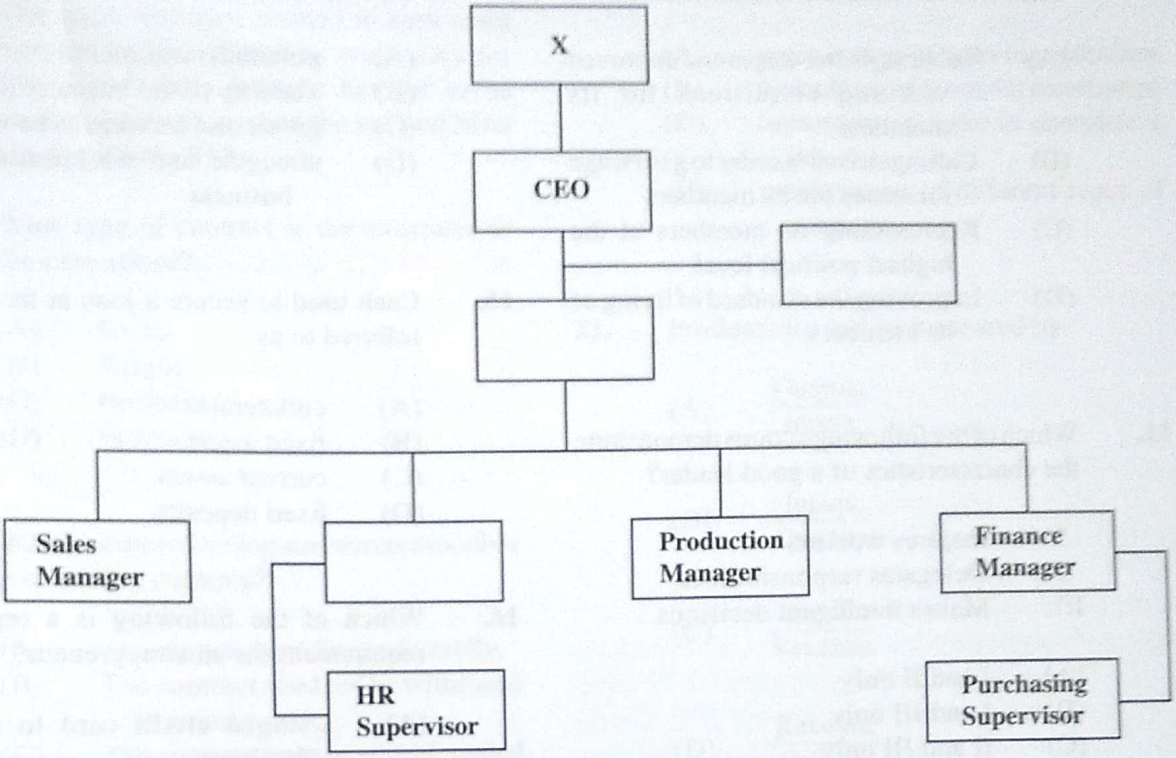
(A) closely controls the activities of subordinates
(B) makes decisions regardless of what subordinates may think
(C) listens to subordinates and takes a reasonable view of the majority
(D) stays in the background and allows subordinates to make their own decisions

GO ON TO THE NEXT PAGE

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Item 7 refers to the following diagram of the structure of an organization.



7. Which of the following positions would be BEST suited at X?

(A) Chief advisor
(B) Board of directors
(C) Managing director
(D) Human resource manager

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8. The MAIN purpose of installing a suggestion box in a company is to get workers' views on

(A) each other
(B) other companies
(C) ways of improving the workplace
(D) ways of improving economic conditions

9. Selecting the objectives and the procedures for achieving goals is referred to as

(A) planning
(B) organizing
(C) controlling
(D) motivating

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10. Which of the following statements BEST describes the function of a trade union?

(A) Securing better wages and improved working conditions for its members
(B) Calling strikes in order to gain wage increases for its members
(C) Representing its members at the highest political level
(D) Improving the standard of living of its members

11. Which of the following actions demonstrate the characteristics of a good leader?

I. Inspires workers
II. Delegates responsibilities
III. Makes intelligent decisions

(A) I and II only
(B) I and III only
(C) II and III only
(D) I, II and III

12. The person responsible for bringing together and organizing the factors of production is the

(A) trade unionist
(B) entrepreneur
(C) manager
(D) financier

13. An analysis of the viability of a business idea and an examination of the different aspects of operating a business is known as a

(A) business plan
(B) market survey
(C) feasibility study
(D) research proposal

14. The business opportunity element of the business plan gives a description of the

(A) potential customers
(B) viability of the business idea
(C) goods and services to be offered
(D) strengths and weaknesses of the business

15. Cash used to secure a loan at the bank is referred to as

(A) collateral
(B) fixed assets
(C) current assets
(D) fixed deposits

16. Which of the following is a regulatory requirement for an entrepreneur?

(A) Using a credit card to transact business
(B) Offering hire-purchase options to customers
(C) Paying national insurance to the government
(D) Advertising the business locally and regionally

17. The monthly payments made to an insurance company by its policyholders are known as

(A) deposits
(B) premiums
(C) instalments
(D) endowments

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Item 18 refers to the following case.

Melissa, a teenager, wanted to earn extra income, so she offered to wash cars for $10. Miss Hinds brought her car to be washed. Melissa washed the car and Miss Hinds paid her $15.

18. What type of contract is demonstrated in the case above?

(A) Social
(B) Simple
(C) Business
(D) Specialty

19. Which of the following statements describes a speciality contract?

(A) The contract can be made orally.
(B) The contract need not be witnessed in writing.
(C) The contract must be signed, sealed and delivered.
(D) The contract needs consideration to be enforceable.

20. Which of the following is NOT a legitimate way of terminating a contract?

(A) Breach
(B) Performance
(C) Lapse of time
(D) Change of mind

21. Which of the following is an example of extractive production?

(A) Tourism
(B) Agriculture
(C) Manufacturing
(D) Communication

22. The term 'division of labour' can be defined as the

(A) organization of tasks in production
(B) assembling of goods for distribution
(C) separation of tasks to complete a job
(D) employment of different types of workers

23. Productivity can be measured by

(A) $\frac{\text{Outputs}}{\text{Inputs}}$

(B) $\frac{\text{Inputs}}{\text{Outputs}}$

(C) $\frac{\text{Inputs}}{\text{Revenue}}$

(D) $\frac{\text{Revenue}}{\text{Outputs}}$

24. Which of the following activities is MOST likely undertaken in a cottage industry?

(A) Building of boats
(B) Bottling of soft drinks
(C) Making of sugar cakes
(D) Repairing of computers

25. Which of the following conditions would constitute a linkage between two industries?

(A) Two industries manufacture similar goods.
(B) One industry shares the use of machinery with another industry.
(C) Two industries are responsible for the manufacture of different kinds of goods.
(D) The output of one industry of the economy becomes the input of another industry.

GO ON TO THE NEXT PAGE

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26. In the Caribbean, many people are hired for sugar cane farming and very little equipment is used. This industry can BEST be described as

(A) labour intensive
(B) capital intensive
(C) having low capital input
(D) having high capital input

27. Which of the following are examples of fixed capital?

(A) Cash balances
(B) Bank balances
(C) Plant and machinery
(D) Stocks of raw material

28. The producers of Power Drink created an advertisement which promoted their drink as being superior to Energy Plus Drink, produced by another business. This type of advertisement is referred to as

(A) collective
(B) persuasive
(C) informative
(D) competitive

29. "A business should utilize channels such as wholesale, retail or internet, to make products available to consumers."

Which of the following activities is BEST described in the statement above?

(A) Distribution
(B) Advertising
(C) Market research
(D) Sales promotion

30. Which of the following factors is LEAST likely to influence consumer behaviour?

(A) Product price
(B) Brand loyalty
(C) Quality of goods
(D) Place of residence

31. Which of the following are functions of packaging?

I. Protects the product
II. Preserves the product
III. Promotes the product

(A) I and II only
(B) I and III only
(C) II and III only
(D) I, II and III

32. A situation where a business gains editorial space without having to pay for it is called

(A) publicity
(B) marketing
(C) advertising
(D) discounting

33. John sought permission to prevent the local art gallery from reproducing and selling his paintings. This legal means of protecting his work is referred to as a

(A) brand
(B) patent
(C) copyright
(D) trademark

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34. Product, price, promotion and place are components of a

(A) market study
(B) marketing mix
(C) market research
(D) sales promotion

35. Which of the following is NOT a **major** function of a retailer?

(A) Preparing goods for resale
(B) Selling goods in small quantities
(C) Providing a local supply of goods
(D) Transporting goods to suitable storage facilities

36. Which of the following is a global logistics provider?

(A) GIS
(B) GPS
(C) DHL
(D) Portnet

37. In business, logistics is defined as

(A) managing data from conception, production and storage to retrieval
(B) using all systems to move an idea from conception to production and then to sales
(C) managing resources from the point of acquisition, storage and transportation to their final destination
(D) formulating a business idea, systematically gathering data, then following through to production

38. Which of the following documents, issued by a carrier or its agent, shows ownership of imported goods?

(A) Bill of lading
(B) Import licence
(C) Letter of credit
(D) Bill of exchange

39. Which of the following would be considered a producer?

(A) A carpenter who stocks furniture for resale
(B) A woman who directs films and music videos
(C) An accountant who does payroll for large companies
(D) A soft drink manufacturer who sells his products on the local market

40. JB Auto Company decided to export car engines from Barbados to Trinidad. Which of the following methods is BEST suited for transporting the engines?

(A) Air
(B) Sea
(C) Rail
(D) Road

41. Which of the following is NOT a source of income for an individual who engages in personal budgeting?

(A) Salaries earned
(B) Loan repayment
(C) Interest from savings
(D) Dividends from investments

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42. Which of the following services is provided by commercial banks?

(A) Printing money
(B) Selling stocks and bonds
(C) Controlling the supply of money
(D) Accepting deposits from customers

43. One of the MAJOR functions of a central bank is to

(A) issue notes and coins
(B) issue stocks and shares
(C) accept deposit accounts
(D) make loans and advances

44. Mrs Jones has several bills of fixed amounts to pay each month. She made an arrangement with her bank to make these monthly payments from her account. This service, provided by the bank, is referred to as

(A) an overdraft
(B) a fixed deposit
(C) a standing order
(D) a letter of credit

45. Mia would like to protect her passport, birth certificate and jewellery. Which of the following commercial bank services should she use?

(A) Online banking
(B) Safety deposit box
(C) Night safe facilities
(D) Automatic teller machine

46. Which of the following entities can have their shares traded on the stock exchange?

(A) Partnerships
(B) Public companies
(C) Private companies
(D) Cooperative societies

47. Which of the following is a function of a chamber of commerce?

(A) Creating employment
(B) Protecting the environment
(C) Assisting in securing markets for products
(D) Providing financial aid to hurricane victims

48. The success of a government's economic policies can be MOST effectively measured by

(A) an increase in the level of policies
(B) an increase in the standard of living
(C) a decrease in the level of employment
(D) a decrease in the volume of production

49. Which of the following are examples of direct taxation?

I. Income tax
II. Purchase tax
III. Corporation tax

(A) I and II only
(B) II and III only
(C) I and III only
(D) I, II and III

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50. Which of the following statements accurately describes taxation as a means of redistributing incomes?

(A) The rich pay taxes and the poor do not.
(B) Tax is used to distribute income more efficiently throughout the country.
(C) Tax is used to spread income evenly between higher and lower income earners.
(D) Higher income earners are taxed at a higher rate so as to provide benefits to lower income earners.

51. Governments can positively influence business activity by reducing

(A) taxes
(B) grants
(C) subsidies
(D) expenditure

52. Governments offer subsidies to businesses to

(A) force them to pay corporation tax
(B) reduce costs and ultimately prices
(C) increase costs and ultimately prices
(D) increase the prices of imported goods

53. A 'price control' may be defined as a

(A) tax on goods and services
(B) government ban on imports
(C) grant given to producers to reduce their prices
(D) government limit on the price of goods or services

54. The provision of social services by a government does NOT include

(A) tax refunds
(B) health clinics
(C) education and training
(D) transportation facilities

55. The buying and selling of goods and services among countries is called

(A) balance of trade
(B) international trade
(C) balance of payments
(D) international marketing

56. The gross national product (GNP) of a country is defined as the total

(A) value of goods and services available in the country in a given period
(B) income earned in the country less income payable outside the country
(C) income earned in the country in a given period less capital consumption
(D) value of goods and services produced by the country in a given period

57. Which of the following practices would contribute to the economic growth and development of a country?

(A) Increased importation of consumer goods
(B) Decreased use of the country's natural resources
(C) Exporting skilled personnel to developed countries
(D) Provision of loans and technical assistance for establishing local businesses

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58. Which of the following is a benefit of the CSME?

(A) A common trade policy
(B) Reduced cost of housing
(C) Reduced cost of air travel
(D) More equitable distribution of income

59. Which of the following, when increased, would NOT contribute to the improved standard of living in a country?

(A) Capital goods
(B) Disposable income
(C) The country's population
(D) An investment in technology

60. Unemployment caused by a downturn in the economy is referred to as

(A) cyclical
(B) seasonal
(C) frictional
(D) structural

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

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