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 02025115

TEST CODE **01240010**

MAY/JUNE 2025

CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN SECONDARY EDUCATION CERTIFICATE® EXAMINATION

PRINCIPLES OF BUSINESS

Paper 01 – General Proficiency

1 hour 15 minutes

23 MAY 2025 (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. In which of the following types of economic systems does the government make all decisions?

(A) Mixed
(B) Capitalist
(C) Command
(D) Subsistence

2. Which of the following types of cheques allows an individual to receive cash on demand?

(A) Open
(B) Crossed
(C) Certified
(D) Banker's

3. Starlet Products Ltd has produced a new brand of soap. Which department is suited for promoting the new product?

(A) Finance
(B) Marketing
(C) Production
(D) Human resources

4. Private enterprise is run MAINLY to

(A) create profits
(B) reduce inflation
(C) distribute goods and services
(D) provide jobs for more people

5. A public limited company is owned by

(A) shareholders
(B) the government
(C) debenture holders
(D) a board of directors

6. In a business, the term 'span of con refers to the number of

(A) levels of authority
(B) persons in the organization
(C) supervisors to whom a subordi reports
(D) subordinates for whom a su visor is responsible

7. Which of the following is a form industrial action in which trade union MOST likely to ask workers to partici

(A) Mediation
(B) Bargaining
(C) Arbitration
(D) Work to rule

8. The manager of a factory meets with employees and invites suggestions recommendations to determine poli and solve problems.

The manager's approach to decis making could BEST be described as

(A) autocratic
(B) democratic
(C) charismatic
(D) laissez faire

9. Which of the following actions characteristic 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

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10. Under which of the following categories would subsidized meals for employees fall?

(A) Fringe benefits
(B) Duty allowance
(C) Wages and salaries
(D) Worker's compensation

11. Which of the following is NOT a function of management?

(A) Controlling the use of funds
(B) Delegating work to subordinates
(C) Coordinating the work of employees
(D) Determining investment options for employees

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

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

13. The condensed version of the business plan, which provides an overview of the business, is contained in the

(A) executive summary
(B) keynote summary
(C) feasibility study
(D) marketing plan

14. 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

15. 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

16. An entrepreneur may reduce his risk of loss by

(A) planning ahead
(B) securing bank loans
(C) sponsoring community projects
(D) purchasing additional fixed assets

17. Which of the following documents does a supplier send at regular intervals, to credit customers, giving details of purchases and payments made?

(A) Debit note
(B) Credit note
(C) Proforma invoice
(D) Statement of account

18. Which of the following factors prevent(s) an agreement from being considered a valid contract?

(A) Consideration
(B) Legal purpose
(C) Misrepresentation
(D) Offer and acceptance

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19. A policyholder who is now making a claim did not disclose all the necessary information to his insurance agent when he insured his property.

The legal action the insurance company can take is to

(A) hold its agent liable because he was negligent
(B) deem the policy void and refuse to pay the claim
(C) determine how much should be deducted for the error
(D) bear the responsibility of its agent and pay the claim fully

20. Mr Jones offered to construct a house for Mr Johnson for the sum of $200 000. Mr Johnson accepted. When the building was near completion, it was destroyed by fire. Mr Jones decided to regard the contract as being discharged.

Which of the following principles BEST illustrates the termination of the contract?

(A) Lapse of time
(B) Mutual agreement
(C) Discharge by breach
(D) Subsequent impossibility

21. Productivity can be measured by

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

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

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

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

22. Labour is BEST defined as the

(A) ability to carry out management functions effectively
(B) physical and mental capabilities used to perform tasks
(C) level of skills training received by individuals who are working
(D) total number of persons who hold jobs in government ministries

23. The type of production which deals with assembling and refining is referred to as

(A) service
(B) extractive
(C) construction
(D) manufacturing

24. Which of the following types of capital is used for the day-to-day operations of a business?

(A) Fixed
(B) Floating
(C) Working
(D) Nominal

25. Which of the following activities can be BEST carried out as a cottage industry?

(A) Canning of peas
(B) Smelting of iron ore
(C) Refining of petroleum
(D) Manufacturing of leather sandals

26. Which of the following industries is NOT developed from the natural resources of the Caribbean?

(A) Technology
(B) Agriculture
(C) Fishing
(D) Mining

27. Which of the following outcomes is LEAST likely to occur as a result of growth in an organization?

(A) Greater productivity
(B) More division of labour
(C) Increased communication
(D) Increased capital investment

28. Jane has sought permission to prevent the local art gallery from reproducing and selling her paintings. This legal means of protecting her work is referred to as a

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

29. An advertisement which provides facts to highlight the features of a product is described as

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

30. The MOST suitable medium of advertising in an area with high vehicular traffic is

(A) posters
(B) magazines
(C) newspapers
(D) point of sale displays

31. 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

32. Which of the following scenarios represents a 'hire-purchase agreement'?

(A) Paul leases a vehicle for three years.
(B) Mark has a record player and plans to use it at dances for a fee.
(C) John pays a deposit on a suit and will receive it after his final balance is paid in full.
(D) Peter pays a deposit on a television, takes it home and completes the payments in monthly installments.

33. Rich Chocolates Ltd erected a tent in several supermarkets for the purpose of exhibiting all the company's products. This activity is referred to as

(A) retailing
(B) branding
(C) merchandising
(D) public relations

34. In marketing, a 'market' is BEST described as

(A) the reason for the elimination of barter
(B) a situation in which buyers and sellers interact
(C) a place where various types of fruits and vegetables are sold
(D) the management process responsible for satisfying consumers' demands

35. 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 sales
(C) managing resources from the point of acquisition to storage and transportation to their final destination
(D) formulating a business idea, systematically gathering data, then following through to production

36. John operates a shop in his community. He buys goods in bulk from a nearby supermarket and sells them in small quantities to his customers. John would be referred to as

(A) an agent
(B) a broker
(C) a retailer
(D) a wholesaler

37. Which of the following is the **final** step in a supply chain operation?

(A) Movement to and storage of raw materials in the warehouse
(B) Transformation of natural resources into finished products
(C) Processing of raw materials and components into finished goods
(D) Delivering the finished product from point of origin to point of destination

38. Which of the following documents details the name of the ship and full particulars of the shipment of goods?

(A) Bill of sale
(B) Bill of lading
(C) Proforma invoice
(D) Certificate of origin

39. 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

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

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

41. Tina invests her savings by buying shares in a company. From this investment, Tina expects to receive

(A) dividends
(B) revenue
(C) interest
(D) profits

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

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

43. Which of the following accounts is NOT offered by commercial banks to the public?

(A) Trade account
(B) Current account
(C) Savings account
(D) Fixed deposit account

44. The central bank is owned and controlled by the

(A) government
(B) shareholders
(C) public sector
(D) country's citizens

45. The stock market is associated with

(A) costs and prices
(B) risks and benefits
(C) rents and investments
(D) premiums and rewards

46. 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

47. A debenture holder is one who

(A) is paid a fixed rate of interest if the company makes profits
(B) must be paid any amounts owing to him in the following year
(C) has first claim on any profits and is paid a fixed rate of dividends
(D) is entitled to a fixed rate of interest whether or not the company makes profits

48. Which of the following would NOT be considered a form of government assistance offered to a business?

(A) Technical assistance
(B) Subsidies and grants
(C) Employment of workers
(D) Training and human resource development

49. 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.

50. 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 volume of production
(D) a decrease in the level of employment

51. Which of the following forms of taxation can be classified as 'direct'?

(A) Income tax
(B) Excise duty
(C) Purchase tax
(D) Customs duty

52. Which of the following measures could be used to protect the environment?

I. Recycling
II. Deforestation
III. Water conservation

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

53. Which of the following actions taken by a government is MOST likely to lead to an improvement in the standard of living?

(A) Printing more money
(B) Increasing the income tax rate
(C) Abolishing taxes on low incomes
(D) Giving tax incentives to businesses

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. Which of the following indicators could be used to determine the standard of living of the citizens in a Caribbean country?

(A) Diet and nutrition
(B) Access to public utilities
(C) The rate of infant mortality
(D) The level of consumption of goods and services

56. Education could contribute to economic growth by ensuring that the workforce is highly

(A) mobile
(B) efficient
(C) classified
(D) structured

57. The MAIN purpose of CARICOM is to

(A) allow member states to collaborate
(B) foster intraregional trade and common services
(C) encourage the transfer of technology within the region
(D) allow for the unrestricted movement of persons among the territories

58. The volume of all local production less profits sent back by non-nationals to overseas countries is termed

(A) balance of trade
(B) balance of payments
(C) gross national product (GNP)
(D) gross domestic product (GDP)

59. 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

60. Computer-aided design (CAD) can be advantageous to

(A) distribution
(B) production
(C) market research
(D) scientific calculations

END OF TEST

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