



**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.

TEST CODE **01240010**

MAY/JUNE 2024

**FORM TP 2024115**

**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.**

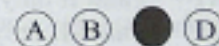
1. This test consists of 60 items. You will have 1 hour and 15 minutes to answer them.
2. In addition to this test booklet, you should have an answer sheet.
3. Each item in this test has four suggested answers lettered (A), (B), (C), (D). Read each item you are about to answer and decide which choice 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.**

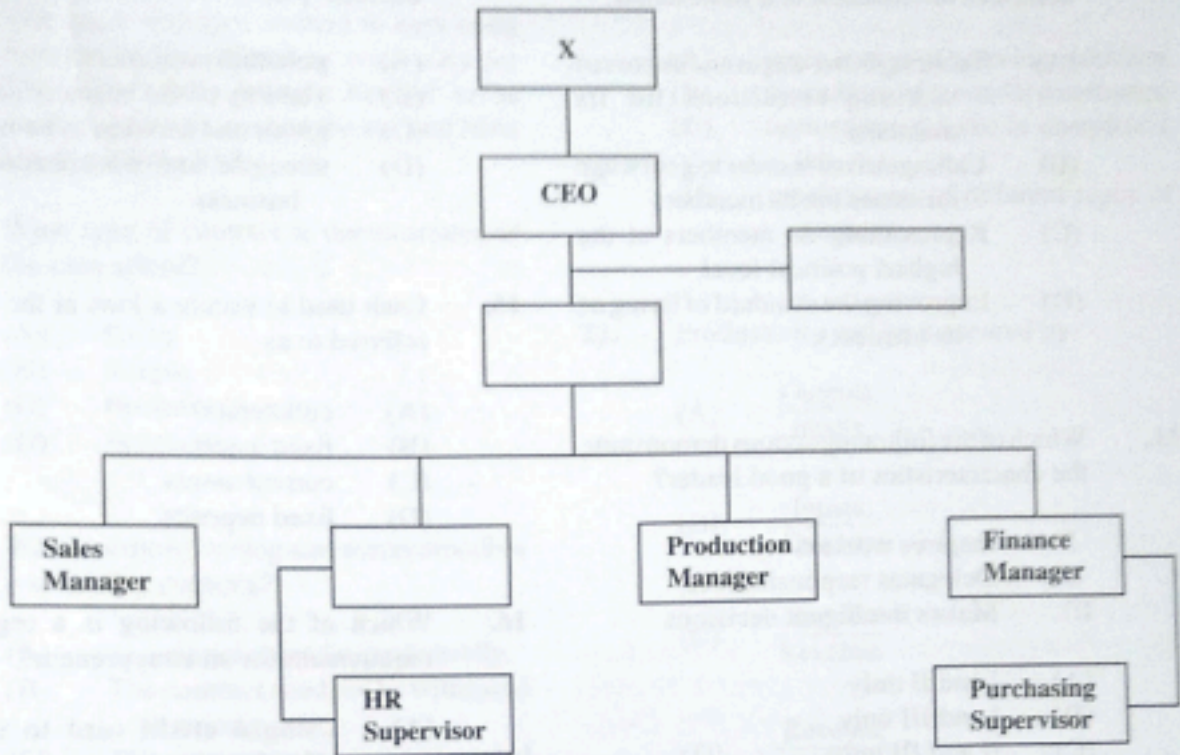
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01240010/MJ/CSEC 2024

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

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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
- 
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

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.

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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

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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