



**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**

JANUARY 2023

**FORM TP 2023031**

**CARIBBEAN EXAMINATIONS COUNCIL**

**CARIBBEAN SECONDARY EDUCATION CERTIFICATE®  
EXAMINATION**

**PRINCIPLES OF BUSINESS**

**Paper 01 – General Proficiency**

*1 hour 15 minutes*

**31 JANUARY 2023 (a.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.**

A001

490



1. The type of business environment MOST typical of the Commonwealth Caribbean is
  - (A) corporate state
  - (B) mixed economy**
  - (C) centrally planned
  - (D) perfectly competitive
  
2. A firm that disposes of waste in an ethical manner is said to be demonstrating its responsibility to
  - (A) society**
  - (B) customers
  - (C) employees
  - (D) governments
  
3. repeated Which of the following types of cheques allows an individual to receive cash on demand?
  - (A) Open**
  - (B) Crossed
  - (C) Certified
  - (D) Banker's
  
4. Which of the following items are NOT considered to be 'consumer goods'?
  - (A) Stocks of soft drinks for resale
  - (B) Cars in a dealership waiting to be sold
  - (C) Stationery used in the accounts department**
  - (D) Bottled waters on the shelves of supermarkets
  
5. Which of the following is a characteristic of the sole trader form of business which is NOT advantageous to the owner?
  - (A) Unlimited liability**
  - (B) Low operational cost
  - (C) Ownership of all profits
  - (D) Rapport with customers
  
6. Characteristics of online communication include
  - I. instant feedback
  - II. detailed messaging
  - III. documented evidence
  - (A) I and II only
  - (B) I and III only
  - (C) II and III only**
  - (D) I, II and III
  
7. Which of the following management functions is a manager engaged in when he grants a worker 'time off with pay'?
  - (A) Planning
  - (B) Delegating
  - (C) Motivating**
  - (D) Supervising
  
8. A MAJOR role of a trade union is to encourage the
  - (A) unionization of workers
  - (B) increase of salaries and vacations
  - (C) advancement of the welfare of its members**
  - (D) sacking of workers whenever they have problems at work

9. Which of the following phrases BEST describes an authoritarian leader?
- (A) Willing to take suggestions
  - (B)** Making decisions without consultation
  - (C) Allowing workers to plan their own work
  - (D) Consulting those likely to be affected by decisions
- Item 10 refers to the following information.
- Richard has been an employee of MTSL for over ten years. He is up for a promotion at the end of the year. A manager's nephew who was recently hired has been promoted ahead of Richard. An upset Richard has taken this issue to his trade union.
10. This conflict is as a result of
- (A)** unfair practices
  - (B) a lack of job security
  - (C) a lack of fringe benefits
  - (D) poor working conditions
11. In which of the following categories would subsidized meals for employees fall?
- (A)** Fringe benefits
  - (B) Duty allowances
  - (C) Wages and salaries
  - (D) Workmen's compensation
12. Which of the following is an example of an entrepreneur?
- (A) Joe rents an office space.
  - (B) Roger goes to the bank to get a loan.
  - (C) Sally occasionally babysits her neighbour's child.
  - (D)** Donna operates an online bakery from her home.
13. One of the MAIN functions of an entrepreneur is to
- (A) advertise the company's products
  - (B)** organize the factors of production
  - (C) prepare the company's accounting records
  - (D) organize the marketing of the company's products
14. The MAIN benefit of collateral to the lender is that it
- (A)** can be seized if the borrower fails to pay
  - (B) improves the borrower's chance of getting a loan
  - (C) determines the financial position of the borrower
  - (D)** gives the lender an idea of the state of the business
15. The condensed version of the business plan, which provides an overview of the business, is contained in the
- (A) marketing plan
  - (B) feasibility study
  - (C) keynote summary
  - (D) executive summary

16. Which of the following variables is NOT an element of a feasibility study?
- (A) Profitability
  - (B) Target market
  - (C) Market demand
  - (D) Business design**
17. The monthly payments collected by an insurance company from its policyholders are known as
- (A) deposits
  - (B) premiums**
  - (C) instalments
  - (D) endowments
18. If Paula offers to sell Barry an umbrella for \$50, but Barry offers to pay \$40, this is an example of
- (A) an offer
  - (B) a counteroffer**
  - (C) an agreement
  - (D) an invitation to treat
19. Which of the following factors prevents an agreement from being considered a valid contract?
- (A) Consideration
  - (B) Legal purpose
  - (C) Misrepresentation**
  - (D) Offer and acceptance
20. A contract may be discharged by
- I. breach
  - II. lapse of time
  - III. offer and acceptance
- (A) I and II only**
  - (B) I and III only
  - (C) II and III only
  - (D) I, II and III
21. Which of the following is NOT a primary industry?
- (A) Mining
  - (B) Fishing
  - (C) Farming
  - (D) Building**
22. The factor of production which earns interest is
- (A) land
  - (B) labour
  - (C) capital**
  - (D) enterprise
23. Which of the following is NOT classified as a natural resource?
- (A) Sugar**
  - (B) Bauxite
  - (C) Sunlight
  - (D) Crude oil
24. The term 'economies of scale' refers to the
- (A) purchase of goods at low prices
  - (B) increase in the size of a business
  - (C) reduction in the size of a business
  - (D) reduction in costs as output increases**

25. 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 training received by the employees of an organization
  - (D) total number of persons who are employed in government ministries
26. Primary production is concerned with the
- (A) distribution of goods
  - (B) manufacture of goods
  - (C)** provision of raw materials
  - (D) provision of goods for essential needs
27. Which of the following are features of a cottage industry?
- I. Family assistance
  - II. Mass production
  - III. Minimal investment
- (A) I and II only
  - (B)** I and III only
  - (C) II and III only
  - (D) I, II and III
28. The term 'loss leader' is BEST described as a product which
- (A) has no real market value
  - (B) the retailer is unable to locate
  - (C)** is sold cheaply to attract customers
  - (D) the retailer gives away to customers
29. Merchandising can BEST be described as
- (A) giving merchants goods on consignment
  - (B) training employees to conduct market research
  - (C) counting stock for an electronic point of sale system
  - (D)** highlighting the physical and visual aspects of selling
30. Which of the following can be described as a marketing activity?
- (A) Issuing bulletins on staff matters
  - (B)** Distributing commodities to outlets
  - (C) Advertising vacancies within the organization
  - (D) Ensuring that workers are given fringe benefits
31. Which of the following situations is necessary for the existence of a market?
- (A) Government regulation
  - (B) A face-to-face exchange
  - (C) A fixed location for trading
  - (D)** Buyers and sellers interacting
32. The PRIMARY function of advertising is to
- (A) promote brand loyalty
  - (B) promote public relations
  - (C)** communicate information
  - (D) ensure a wider distribution of goods

33. Which of the following activities carried out in a large firm will NOT be under the supervision of the marketing manager?
- (A) Packaging
  - (B) Purchasing**
  - (C) Advertising
  - (D) Distributing
34. Which of the following lists comprises the elements of the traditional marketing mix?
- (A) Product, price, promotion, place**
  - (B) Price, package, promotion, place
  - (C) Product, promotion, place, package
  - (D) Package, product, price, promotion
35. The acronym GPS stands for
- (A) global positioning system**
  - (B) global programming system
  - (C) geographic positioning system
  - (D) geographic programming system
36. Which of the following lists shows the correct order of the chain of distribution?
- (A) Consumer, retailer, wholesaler, manufacturer
  - (B) Wholesaler, manufacturer, retailer, consumer
  - (C) Manufacturer, retailer, wholesaler, consumer
  - (D) Manufacturer, wholesaler, retailer, consumer**
37. Which of the following types of providers are FedEx and DHL?
- (A) Second party logistics (2PL)
  - (B) Third party logistics (3PL)**
  - (C) Fourth party logistics (4PL)
  - (D) Fifth party logistics (5PL)
38. Which of the following documents, issued by a carrier, shows ownership of imported goods?
- (A) Bill of exchange
  - (B) Letter of credit
  - (C) Import licence
  - (D) Bill of lading**
39. A supply chain is BEST defined as the
- (A) storage of work-in-progress and finished goods
  - (B) processing of raw materials and components into finished goods
  - (C) network of resources involved in moving products from suppliers to customers**
  - (D) delivery of finished products from the point of origin to the point of destination
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 services are provided by commercial banks?
- I. Controlling the supply of money
  - II. Offering loans to small businesses
  - III. Accepting deposits from customers
- (A) I and II only
  - (B) I and III only
  - (C) II and III only**
  - (D) I, II and III

42. Mr Jones has several bills of fixed amounts to pay each month. His bank manager agrees to pay them monthly from Mr Jones' account. This service, provided by the bank, refers to
- (A) overdrafts
  - (B) acting trustees
  - (C) standing orders
  - (D) letters of credit
43. Financial investment can be defined as
- (A) assets that generate income
  - (B) the stock of goods available in a country
  - (C) the amount of money available at a given time
  - (D) the amount of capital owned by the government
44. 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
45. A plan for systematic saving and spending is referred to as
- (A) trading
  - (B) investing
  - (C) financing
  - (D) budgeting
46. The central bank is owned and controlled by the
- (A) government
  - (B) shareholders
  - (C) public sector
  - (D) country's citizens
47. Which of the following measures are used by governments to redistribute income?
- (A) Customs duties and levies
  - (B) Consumption tax and tariffs
  - (C) PAYE and national insurance
  - (D) Excise duties and value-added tax
48. Which of the following institutions facilitates the sale and purchase of existing securities?
- (A) Unit trust
  - (B) Credit union
  - (C) Merchant bank
  - (D) Stock exchange
49. Which of the following activities is a function of a chamber of commerce?
- (A) Creating employment
  - (B) Protecting the environment
  - (C) Providing financial aid to hurricane victims
  - (D) Advancing the interest of the business community
50. Tax paid on goods entering a country is referred to as
- (A) income tax
  - (B) excise duty
  - (C) customs duty
  - (D) corporation tax

51. Export licences are issued MAINLY to
- (A) encourage local businesses to produce more goods for export
  - (B)** enable the government to control the flow of goods being exported
  - (C) indicate to the importing country that the goods are of a high standard
  - (D) indicate to the importing country the price at which the goods are to be sold
52. Which of the following objectives is an economic aim of government?
- (A) Increase the level of literacy.
  - (B) Develop a proper legal system.
  - (C)** Stabilize the national currency.
  - (D) Maintain an effective security force.
53. What is the MOST likely effect on a developing economy when professional and skilled labour migrate to developed countries?
- (A) Unskilled labourers may work harder.
  - (B) Unskilled labourers may demand higher wages.
  - (C)** Production levels of goods and services will decrease.
  - (D) The demand for skilled labour and professional services will decrease.
54. Governments can encourage business activity by
- (A)** reducing taxes
  - (B) reducing grants
  - (C) reducing spending
  - (D) budgeting for a surplus
55. An unemployment problem in developing countries with a large workforce may BEST be solved by an increase in
- (A) the levels of automation
  - (B) the amalgamation of firms
  - (C)** labour-intensive production
  - (D) capital-intensive production
56. Which of the following measures are 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
- Item 57 refers to the following information.
- KMD Enterprise is a clothing store with four branches. The management of KMD is trying to enhance its internal communication system.
57. Which of the following management information systems (MIS) is MOST appropriate for the buying and selling of goods?
- (A) Decision-making support
  - (B)** Transaction processing
  - (C) Executive support
  - (D) Office automation



58. A MAJOR function of CARICOM is to
- (A) allow member states to collaborate
  - (B) encourage the transfer of technology within the region
  - (C) allow for the unrestricted movement of persons among the territories
  - (D) foster intraregional trade and common services**
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. 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) Export of skilled personnel to developed countries
  - (D) Provision of loans and technical assistance for establishing local businesses**

**END OF TEST**

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