## SECTION A: ANSWER ALL QUESTIONS IN THIS SECTION

Tick the correct answer in the space provided.

1. Money can make an exchange of goods and services easier because it is
   (a) worth quite a lot
   (b) a medium of exchange
   (c) portable and increases in value by time

2. If a businessman intends to sell products that are bulky when finished in relation to their price, he would **locate** his business near
   (a) other firms
   (b) the market for his products
   (c) natural resources

3. For a factory to **grow and have control over the retail outlet selling its products**, a solution could be
   (a) lateral integration
   (b) backward vertical integration
   (c) forward vertical integration

4. A main reason why some businesses are **nationalised** is because they
   (a) are too important for the country to be left in the hands of private individuals
   (b) can provide a large income for the government
   (c) compete with other firms to maximise profits

5. A **royalty payment** is usually associated with
   (a) co-operatives
   (b) government departments
   (c) franchise agreements

6. The **survival of a small firm** may depend on
   (a) low running costs and perhaps a niche market
   (b) a high degree of specialisation
   (c) giving contracts to other firms
7. A **Trading Bloc** refers to
   - (a) a group of suppliers of raw materials
   - (b) activities that occur in the secondary stage of production
   - (c) member countries who agree to trade freely between themselves

8. The **tax paid by a company** is known as
   - (a) income tax
   - (b) corporation tax
   - (c) inheritance tax

9. **Job rotation** is resorted to so that **workers do not**
   - (a) get bored doing the same job
   - (b) obtain job satisfaction from their work
   - (c) experience job enrichment

10. John decided to improve the premises of his shop instead of buying an additional shop in another area. The additional shop **given up** is the
    - (a) choice
    - (b) opportunity cost
    - (c) preference

### SECTION B: ANSWER BOTH QUESTIONS IN THIS SECTION. [20 marks]

1. Use ten (10) from the following words/terms to fill in the spaces in the passage that follows. Two (2) of the given words/terms will not be used. Each word/term can only be used once.

   - advice, credit cards, current account, debit cards, direct debit, financial, fixed term deposit account, loans, night safes, an overdraft facility, savings account, standing order.
Banks are ___________________________ institutions which offer a wide range of services related to money and finance. People can open a ___________________________ in which they deposit their money for a short term. Businesses and individuals can open a ___________________________ which can be controlled by means of a cheque book. Businesses and individuals can take ___________________________ which are sums of money borrowed for a long time. Business organisations can have ___________________________ which permits them to withdraw money from their account more than the amount held in the account. Firms can also make use of ___________________________ to deposit cash at the end of the working day when the banks are closed. Individuals and business organisations may pay regular payments by means of a ___________________________. Banks issue ___________________________, which are used by people to manage their money in the banks through ATMs, and ___________________________ which are convenient to buy from abroad when on holiday or through the internet. Banks also offer ___________________________ on matters related to money and finance.

(10 marks)

2. Say whether each of the following statements is True by putting “T” or False by putting “F” in the space provided:

(a) Barter is a means of exchange in which no money is used.
(b) Increased productivity is one of the advantages of division of labour.
(c) A sole trader can enjoy limited liability.
(d) Cost reduction brought about by an increase in size is called economies of scale.
(e) One of the aims of a business is to be able to evade tax.
(f) The Certificate of Origin is used only in international trade.
(g) Within a firm an accountant is likely to be found in the Finance Department.
(h) The shareholders are the owners of a company.
(i) The selling of a state-owned enterprise to a private firm is called Nationalisation.
(j) TV advertising is the only form of promotion available for firms.

(10 marks)
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<tr>
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<tbody>
<tr>
<td>1.</td>
<td>Explain the difference between specialization by product and a specialization by task.</td>
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<td>2.</td>
<td>What is a trade union?</td>
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<td>3.</td>
<td>Define the term scarcity.</td>
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<td>4.</td>
<td>What do you understand by the term franchise?</td>
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<td>5.</td>
<td>What is an important difference between a private limited company and a public limited company?</td>
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<td>6.</td>
<td>Mention two actions that may be taken in an industrial dispute.</td>
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<td>7.</td>
<td>What is an indirect tax?</td>
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<td>8.</td>
<td>Mention one of the roles of the Malta Stock Exchange (MSE).</td>
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</table>
9. What is the difference between capital expenditure and revenue expenditure?

10. What is the difference between redundancy and dismissal?

SECTION D: ANSWER BOTH QUESTIONS IN THIS SECTION. [40 marks]
Answer these questions on the foolscaps provided. Each question carries 20 marks.

Question 1 – Read the following passage and then answer the questions that follow:

(a) What is international trade? (2 marks)

(b) Explain the following terms, giving an example of each:
   (i) visible exports
   (ii) invisible exports
   (iii) visible imports
   (iv) invisible imports (8 marks)

(c) What is the difference between visible exports and visible imports called? (2 marks)

(d) What is the difference between total exports and total imports called? (2 marks)

(e) (i) What are trade barriers? (2 marks)
   (ii) Give four (4) possible means of trade barriers. (4 marks)

Question 2 – Read the following passage and then answer the questions that follow:
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<thead>
<tr>
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<th>Question</th>
<th>Marks</th>
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<tbody>
<tr>
<td><strong>(a)</strong></td>
<td>What type of economy is Carmen’s country?</td>
<td>(2 marks)</td>
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<td><strong>(b)</strong></td>
<td>How do we call the sector controlled by the government?</td>
<td>(2 marks)</td>
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<td><strong>(c)</strong></td>
<td>How do we call the sector run by private firms?</td>
<td>(2 marks)</td>
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<td><strong>(d)</strong></td>
<td>By which means can the government control an economy like that of Carmen’s country?</td>
<td>(2 marks)</td>
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<td><strong>(e)</strong></td>
<td>i) What do we call that type of economy in which total control by the state?</td>
<td>(2 marks)</td>
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<td>ii) Give two advantages of such an economy.</td>
<td>(2 marks)</td>
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<td></td>
<td>iii) Give two disadvantages of such an economy.</td>
<td>(2 marks)</td>
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<tr>
<td><strong>(f)</strong></td>
<td>i) What do we call that type of economy in which the private sector dominates?</td>
<td>(2 marks)</td>
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<td></td>
<td>ii) Give two advantages of such an economy.</td>
<td>(2 marks)</td>
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<tr>
<td></td>
<td>iii) Give two disadvantages of such an economy.</td>
<td>(2 marks)</td>
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