SECTION A: ANSWER ALL QUESTIONS IN THIS SECTION. [20 marks]

Tick the correct answer in the space provided.

1. Money can be anything which is
   (a) used in the barter system to get rid of one’s surplus
   (b) a medium of exchange and universally acceptable
   (c) accepted by traders in part-exchange of goods

2. A disadvantage of division of labour is that
   (a) certain skills may be lost
   (b) mobility of labour is decreased
   (c) less items are produced

3. A firm which gives business consultancy to clients is best located
   (a) in the vicinity of the port
   (b) near to raw materials
   (c) close to the main market
4. The following are examples of capital expenditure, except
   (a) the purchase of machinery
   (b) the enlargement of buildings
   (c) repainting the walls of a factory

5. The balance of payments may be described as
   (a) total exports minus total imports
   (b) visible trade less invisible trade
   (c) goods and services exported to other countries

6. A high rate of labour turnover indicates
   (a) positive working conditions and payment
   (b) poor management and unhappy workers
   (c) a business which is highly successful

7. When one applies for a job, one usually sends
   (a) the original certificates
   (b) a curriculum vitae (CV)
   (c) a stamped addressed envelope

8. A Trading Bloc refers to
   (a) member countries who agree to trade freely between themselves
   (b) activities that occur in the secondary stage of production
   (c) a group of suppliers of raw materials for manufacturing

9. Which of these statements is correct?
   (a) Choices will lead one to experience an opportunity cost.
   (b) Taking up an opportunity for profit making is called opportunity cost.
   (c) Scarcity of resources helps to eliminate opportunity cost.

10. To register a newly-formed company one needs
    (a) a trading certificate and certification of incorporation
    (b) to issue a prospectus for selling
    (c) the Memorandum and Articles of Association
SECTION B: ANSWER BOTH QUESTIONS IN THIS SECTION. [20 marks]

1. Use ten (10) of 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.


Countries involved in the import and export of goods and services are said to be involved in __________________________. The trade of goods is called __________________________ and the trade of services is called __________________________. The difference between the export and import of goods is called the __________________________. If this has a positive balance it shows that the country exports goods ___________________________ than it imports. Sometimes countries raise ___________________________ in order to reduce the amount of ___________________________ into the country. An example of these is ___________________________. One advantage of trade between countries is that people can satisfy more ___________________________ while one of the fears is that ___________________________ may arise.

(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) One of the main forms of revenue for the government is taxation. ____

(b) Value Added Tax (VAT) is an example of direct taxation. ____

(c) Corporation taxation is charged on people’s incomes. ____

(d) Income tax is an example of progressive taxation. ____

(e) Customs duty is an example of regressive taxation. ____

(f) National Insurance (NI) contributions are paid by employers and by employees. ____

(g) Firms are allowed to evade taxation. ____

(h) The government uses taxation to finance its expenditure. ____

(i) Poor people should pay more tax. ____

(j) Corporation tax is an example of progressive tax. ____

(10 marks)
SECTION C: ANSWER ALL QUESTIONS IN THIS SECTION. [20 marks]
Answer the question in the space provided. You are not required to write full sentences. Each question carries two marks.

1. What is a brand name?

2. Explain why brand loyalty may be good for business.

3. What is the purpose of packaging?

4. How can packaging affect the sales of a product?

5. State two (2) requirements for the packaging of chocolates.
6. What is informative advertising?


(2 marks)

7. What is persuasive advertising?


(2 marks)

8. Mention one (1) tactic of persuasive advertising that may be used.


(2 marks)

9. Mention one (1) argument in favour of advertising.


(2 marks)

10. Mention one (1) argument against advertising.


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

Question 1 – Examine carefully the diagram below and answer the questions that follow in the spaces provided.

![Diagram of business integration]

(b) State the **type of integration** that has taken place in the following cases:

<table>
<thead>
<tr>
<th></th>
<th>Type of Integration:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tasty Ice-cream Manufacturer</td>
<td></td>
</tr>
<tr>
<td>with Dairy Farm providing milk</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Tasty Ice-cream Manufacturer</td>
<td></td>
</tr>
<tr>
<td>with Cool Ice-cream factory</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Tasty Ice-cream Manufacturer</td>
<td></td>
</tr>
<tr>
<td>with Ice-cream kiosk</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Tasty Ice-cream Manufacturer</td>
<td></td>
</tr>
<tr>
<td>with Toy-making Company</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Tasty Ice-cream Manufacturer</td>
<td></td>
</tr>
<tr>
<td>with Biscuit-cones Factory</td>
<td></td>
</tr>
</tbody>
</table>

(10 marks)
In each of the following cases, give one (1) reason why Tasty Ice-cream Manufacturer would decide to merge with the:

<table>
<thead>
<tr>
<th>Factory Type</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy Farm</td>
<td></td>
</tr>
<tr>
<td>Other Ice-cream factory</td>
<td></td>
</tr>
<tr>
<td>Ice-cream kiosk</td>
<td></td>
</tr>
<tr>
<td>Toy making factory</td>
<td></td>
</tr>
<tr>
<td>Biscuit-cones factory</td>
<td></td>
</tr>
</tbody>
</table>

(10 marks)

Question 2 – Read the following passage and then answer the questions that follow:

The Malta Union of Teachers (MUT) has expressed its opinion on the National Curriculum Framework (NCF) after consulting its members on the matter. The MUT, while agreeing that a change in the curriculum is necessary, brought to the attention of the authorities, to its members and to the public in general a number of concerns on the matter.

(a) What is a trade union?  

(2 marks)

(b) Mention two (2) aims of a trade union.  

(4 marks)
(c) What is an **industrial dispute**? (2 marks)

(d) Mention four (4) ways how an industrial dispute may be resolved. (4 marks)

(e) What is a **general union**? (2 marks)

(f) What is an **industrial union**? (2 marks)

(g) What is a **white collar union**? (2 marks)

(h) What is a **craft union**? (2 marks)