FORM 4 BUSINESS STUDIES TIME: 1h 30min

Name: ________________________________ Class: ____________

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<table>
<thead>
<tr>
<th>SECTION</th>
<th>A</th>
<th>B</th>
<th>C 1</th>
<th>C 2</th>
<th>C 3</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>MARKS</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>100</td>
</tr>
</tbody>
</table>

STUDENT’S MARK

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

Tick the correct answer in the space provided.

1. Among other things, the location of a business depends on the
   (a) price of land and the nature of the product being produced
   (b) prices of complementary goods and nearness to the market
   (c) railway systems in the vicinity plus economies of scale

2. Due to limited resources and man’s insatiable nature
   (a) there is an infinite number of goods on the market
   (b) the scale of preference is always completely exhausted
   (c) choices are made leading to opportunity costs

3. Barriers to trade are
   (a) imposed to decrease a deficit
   (b) a suitable measure to liberalise the market
   (c) tools used to increase imports

4. Opportunity cost means
   (a) the monetary price paid for the good or service bought
   (b) the goods that have to be bought together with one’s choice
   (c) the next want left unsatisfied when another want is satisfied

5. To calculate the Net Pay, from the Gross Pay one must deduct the
   (a) overtime payment and any commissions earned
   (b) minimum wage and the VAT
   (c) national insurance contributions and tax

6. One would choose to invest in ordinary shares rather than preference shares because they
   (a) are less risky
   (b) often provide a higher dividend
   (c) are the first to be paid back if the business is closed down

7. A redundant person is an employee
   (a) who has been fired from work due to disciplinary measures
   (b) whose work is no longer needed by the employing firm
   (c) ready to move on to another employment after resignation
8. **Visible trade** refers to  
(a) the export and import of goods  
(b) the export and import of services  
(c) the export of both goods and services  

9. **Restrictive practices** are used in the case of  
(a) industrial relations  
(b) a wild cat strike  
(c) industrial disputes  

10. An **advert** may be considered as **informative** when it contains information on  
(a) the hidden persuaders used to attract new customers  
(b) the product, how to use it, its price, its suppliers and so on  
(c) collective advertising and even on sales promotion
SECTION B: ANSWER BOTH 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 the memorandum of association?

2. What is the articles of association?

3. What is the certificate of incorporation?

4. To which type of business organisation is the trading certificate issued?

5. What is the name of the official/organisation which issues the certificate of incorporation?

6. What is the main role of the stock exchange?

7. What is a multinational company?
8. Mention two (2) **main objectives** of a firm.

9. What do you understand by **horizontal merger/integration**?

10. Define the term **economies of scale**.

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**SECTION C: ANSWER ALL QUESTIONS IN THIS SECTION.**

[60 marks]

Answer these questions on the foolscaps provided. Each question carries 20 marks.

**Question 1** – Read the extract presented below and then answer the related questions on the foolscaps.

*The barter system, which might still be very much practised in a subsistence economy, has been replaced by a more practical system in more developed societies using money as a medium of exchange. If money were not invented, the system of mass production and division of labour would not have been successful.*

(a) Explain the following terms, which have been underlined in the passage above:
   (i) barter system
   (ii) subsistence economy
   (iii) medium of exchange
   (iv) mass production

   **(8 marks)**

(b) Besides being a medium of exchange, money has other functions. Mention two (2) of the other functions of money.

   **(4 marks)**

(c) Throughout time, several objects served as money but each had certain characteristics to serve this purpose. Give three (3) of these characteristics.

   **(6 marks)**

(d) Division of labour has several advantages but also disadvantages. List one (1) advantage and one (1) disadvantage of division of labour.

   **(2 marks)**
Question 2 – Read the following passage and then answer the questions that follow:

The new recruits were taken around the offices of the company to become familiar with the various departments of the firm. Then, they were taken to one of the offices to sign the contract of employment and they were informed that soon they would have to attend an in-service training course as part of the on-the-job training. Moreover, it was explained to the recruits that as employees of this firm, they would benefit from a number of fringe benefits. The recruits were satisfied with the conditions explained to them, yet they still felt that now that they are in employment they should join a trade union.

(a) What is meant by new recruits? (2 marks)

(b) Mention two (2) important departments in a firm and briefly say what they deal with. (6 marks)

(c) What is the contract of work and what does it contain? (4 marks)

(d) Give an advantage (1) and a disadvantage (1) of on-the-job training. (2 marks)

(e) Explain why firms offer fringe benefits to employees and name two (2) such benefits? (4 marks)

(f) Mention one (1) reason why workers would want to join a trade union. (2 marks)

Question 3 – Read the following passage and then answer the questions that follow:

General Manufacturing Ltd is a local company in the manufacturing sector. From time to time it is short of cash and uses its overdraft facility to pay daily expenses. So, usually, its bank balance is an overdraft. Recently it has applied for a bank loan of €250,000 since it is planning to expand.

(a) What is a bank overdraft? (2 marks)

(b) What is a bank loan? (2 marks)

(c) What is the aim of using a bank overdraft? (2 marks)

(d) What is the aim of using a bank loan? (2 marks)

(e) Mention and explain two (2) types of bank accounts that a bank offers. (6 marks)

(f) Mention and explain two (2) other services offered by a bank, both to individuals and to business organisations. (6 marks)