FORM 4 BUSINESS STUDIES TIME: 1h 30min

Name: ___________________________ Class: __________

FOR OFFICIAL USE ONLY

<table>
<thead>
<tr>
<th>FOR OFFICIAL USE ONLY</th>
</tr>
</thead>
<tbody>
<tr>
<td>MARKS</td>
</tr>
<tr>
<td>SECTION</td>
</tr>
<tr>
<td>MARKS</td>
</tr>
<tr>
<td>STUDENT'S MARK</td>
</tr>
</tbody>
</table>

Business Studies – Form 4 Secondary – Track 2 – 2014
SECTION A: ANSWER ALL QUESTIONS IN THIS SECTION. [20 marks]

Tick (√) the correct answer in the space provided. Each question carries 2 marks.

1. One of the objectives of a business organisation may be
   (a) evasion of tax due
   (b) to make a profit
   (c) worker exploitation

2. An example of specialisation by product is
   (a) a carpenter working on his own
   (b) a person employed in the cutting department
   (c) the supervisor in a clothing factory

3. One of the advantages of a free market economy is that
   (a) the economy responds quickly to changes in market demand
   (b) only profitable goods and services are produced
   (c) production is completely controlled by the government

4. The location of a business organisation may depend on
   (a) the level of taxation charged by the government
   (b) the number of computers used by the firm
   (c) the easy access to the materials required by the firm

5. A document which has to be issued by the Registrar of Companies to ALL registered companies is
   (a) the certificate of incorporation
   (b) the trading certificate
   (c) the memorandum of association

6. Privatisation refers to the
   (a) purchase of private firms by the government
   (b) sale of national industries to private investors
   (c) creation of new business organisation by the state

7. The Balance of Payments is the
   (a) total monetary value of all the country’s exports
   (b) total monetary value of all the country’s imports
   (c) summary of the country’s transactions with other countries

8. The European Union is an example of
   (a) a free trade area
   (b) a customs union
   (c) a trade barrier
9. **Direct taxation** refers to taxes on
   (a) expenditure
   (b) imports
   (c) income

10. **Piece rate** refers to the payment to workers
    (a) per hour worked
    (b) per day worked
    (c) per unit produced

SECTION B: ANSWER ALL QUESTIONS IN THIS SECTION. [20 marks]
Answer the questions in the space provided. You are not required to write full sentences.

1. What is barter? (2 marks)

2. Mention two (2) disadvantages of barter. (2 marks)

3. Mention four (4) characteristics of money. (4 marks)

4. Mention the four (4) functions of money. (4 marks)
5. Explain each of the four (4) functions of money. (8 marks)

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 carefully the passage hereunder and then answer the questions which follow.

Cooling Products Ltd is a company producing ice-creams and cold drinks, mainly in summer. Sweetie Ltd is a confectionery company producing confectionery products such as cakes. The two companies decided to make a merger (integration) between them. The new firm will be called The Sweet Refreshing Co. Ltd.

(a) Define the term merger (integration). (2 marks)

(b) What type of merger does the paragraph illustrate? (2 marks)

(c) Give one (1) reason why Cooling Products Ltd and Sweetie Ltd would decide to merge. (2 marks)

(d) Sweetie Ltd could have merged with a coffee shop which serves coffee and cakes. What type of merger would this be? (2 marks)

(e) Give one (1) reason why Sweetie Ltd would decide to merge with a coffee shop. (2 marks)

(f) If Cooling Products Ltd were to grow internally rather than by amalgamation with other firms, give one (1) example of how this could happen. (2 marks)
(g) Cooling Products Ltd started off as a small firm. However, it survived in the market. Give two (2) possible reasons for this survival. (4 marks)

(h) Define the term economies of scale. (2 marks)

(i) Define the term diseconomies of scale. (2 marks)

Question 2
Read carefully the passage hereunder and then answer the questions which follow.

A local company is involved in international trade. It is involved in the importation of materials which are manufactured into finished goods. It then exports its products to different countries around the world. The Maltese government approves the fact that local companies get involved in international trade, especially in exportation. However, Malta needs to import a lot of goods and materials.

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

(b) Explain the following terms:
   (i) Importation
   (ii) Exportation (4 marks)

(c) Mention three (3) reasons why countries may get involved in international trade. (6 marks)

(d) Explain two (2) methods by which a government may restrict international trade. (8 marks)
Question 3
Read carefully the passage hereunder and then answer the questions which follow.

The firm of John Formosa would like to make a promotion campaign to increase the sales of one of their products. Ms Amanda Saliba, a marketing and advertising consultant, had a meeting with Mr Formosa. During the meeting Ms Saliba explained to Mr Formosa that there is informative advertising and persuasive advertising. She also explained to him about branding and packaging.

(a) What is advertising? (2 marks)
(b) Mention one (1) advantage of advertising. (2 marks)
(c) Mention one (1) disadvantage of advertising. (2 marks)
(d) What is informative advertising? (2 marks)
(e) What is persuasive advertising? (2 marks)
(f) (i) Firms can use hidden persuaders. What do you understand by hidden persuaders? (2 marks)
   (ii) Mention three (3) examples of hidden persuaders. (6 marks)
(g) Give one (1) reason why packaging is an important element of promotion. (2 marks)