Annual Examinations for Secondary Schools 2014

FORM 5  BUSINESS STUDIES  TIME: 1h 45min

Name: ___________________________  Class: ______________

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<th>Section A</th>
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SECTION A: ANSWER ALL QUESTIONS.

Put the letter corresponding to the right answer, in the box provided at the end of each question.

Each question carries 2 marks, giving a total of 20 marks for the whole Section.

1. **Change** should be introduced:
   (a) quickly and without informing the employees
   (b) after involving and training the employees concerned
   (c) by forcing it on staff little by little

2. **A budget** may be defined as:
   (a) a financial expression of intentions and expectations
   (b) the actual financial performance of a business
   (c) a tool that management uses to record financial facts

3. Firms use **break-even analysis** in order to:
   (a) see whether a business operation has costs or benefits
   (b) assess how changes in price affect profits at different levels of output
   (c) decide human resources matters

4. The **Industrial Revolution** brought about:
   (a) a rise in the crafts industry
   (b) excellent working conditions for all the employees
   (c) an increase in trade

5. In the **private sector** of an economy, the main **aim** is:
   (a) giving a service
   (b) obtaining money from tax
   (c) profit
6. **Social security benefits** are given greater importance in a:
   (a) subsistence economy
   (b) free-market economy
   (c) mixed economy

7. **Delegation of authority** occurs when:
   (a) superiors hand over some of their duties to subordinates
   (b) the manager controls everything by himself
   (c) chains of command are not followed

8. The **contract of employment** contains:
   (a) a record of an employee’s work during the last years
   (b) conditions of work of the newly employed
   (c) various health & safety regulations

9. In an **industrial dispute**:
   (a) the relationships between employees and employers are not well
   (b) collective bargaining is successful
   (c) work-to-rule is used to increase production in the business concerned

10. Some firms spend a good amount of capital on **advertising** since:
    (a) the hidden persuaders used are beneficial to customers
    (b) this would hopefully increase the firm’s sales
    (c) the Consumers’ Affairs Act requires business to do so

(20 marks)
SECTION B: Answer all questions in this Section.

This Section carries a total of 20 marks.

Examine the figures below taken from the Income Statement and Statement of Financial position of “Super Business” for the year 2013 and then answer the questions that follow.

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<tbody>
<tr>
<td>Sales</td>
<td>50,000</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>26,000</td>
</tr>
<tr>
<td><strong>GROSS PROFIT</strong></td>
<td></td>
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<tr>
<td>Total Expenses</td>
<td>14,000</td>
</tr>
<tr>
<td><strong>NET PROFIT</strong></td>
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Current Assets: €12,000

Stock/Inventory: €7,000

Current Liabilities: €10,000

a. In the table above, fill in the Gross Profit and Net Profit figures. (2 marks)

b. From the figures provided, calculate the Gross Profit Margin (GPM) and the Net Profit Margin (NPM). (All workings must be shown). (4 marks)

c. Can you name and give the formula of a Profitability Ratio which gives a better picture than the GPM and NPM? (2 marks)

d. Work out the Current Assets Ratio and explain its purpose. (Show all workings) (4 marks)

e. Now calculate the Acid Test Ratio and comment on the result. (Show all workings) (4 marks)

f. Define with examples: current assets and current liabilities. (4 marks)
SECTION C: Answer any two (2) Questions (with all their respective sub-divisions) on the foolscaps provided.

Always read the extracts carefully before answering the questions.

Each question carries a total of 20 marks, giving a total of 40 marks for the whole Section.

Question 1

Globalisation brought about a situation where there is one large world market rather than a number of separate national markets. Improvements in transport and communication have greatly contributed to this. With fewer or no import controls, consumers can purchase goods and services from other countries with greater ease. Moreover, multinationals are also increasing due to greater mobility of capital and labour.

a. Define the underlined terms. (8 marks)
b. List four (4) types of import controls. (4 marks)
c. Give one (1) advantage and one (1) disadvantage of Globalisation. (4 marks)
d. Mention one (1) advantage that would result from the setting up of a multinational in Malta. (2 marks)
e. If you wanted to export bulky goods to other countries, which type of transport would you probably use? (2 marks)
A well-known entrepreneur wanted to diversify in business. The choice was between investing in insurance and producing new equipment. Finally, the decision was to produce the new equipment. This involved a lot of market research and product promotion. The entrepreneur also asked for help from commercial banks, Malta Enterprise and E.T.C. to set up the new business.

**Question 2**

a. Define the underlined terms. (8 marks)

b. What is the opportunity cost of the choice made by the entrepreneur? (2 marks)

c. The production of a new technological apparatus could result in private and social costs plus benefits. List one (1) example of each of the following: private cost, private benefit, external cost, external benefit. (4 marks)

d. Describe what sort of help the entrepreneur could have obtained from each of the following: commercial banks, Malta Enterprise and E.T.C. (6 marks)
Question 3

The shareholders of a public limited company which manufactures electronic components by mass production were notified that the next Annual General Meeting would be taking place in three weeks’ time. There would be voting on the distribution of dividend and a discussion on customer satisfaction.

a. Give the meaning of the underlined terms. (8 marks)

b. Mention two (2) differences between a public limited company and a private limited company. (4 marks)

c. What do you understand by “limited liability”? (2 marks)

d. Customer Satisfaction is just one of the objectives of a business. List two (2) other business objectives. (4 marks)

e. Mention the two (2) most essential means of written communication used in connection with meetings. (2 marks)
SECTION D: Answer this Section in the spaces provided. This Section carries a total of 20 marks.

Distinguish between each set of words given hereunder.

1. **Wants** and **Basic Needs**

2. **Downward Communication** and **Horizontal Communication**

3. **Curriculum Vitae (CV)** and **Call for Applications**

4. **Consumer Goods** and **Capital Goods**

5. **Frictional Unemployment** and **Cyclical Unemployment**

(20 marks)