

Annual Examinations for Secondary Schools 2018

YEAR 10	BUSINESS STUDIES	MARKING SCHEME
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SECTION A **[10 marks]**
10 marks in total – 1 mark for each correct answer

1 (c) 2 (a) 3 (d) 4 (d) 5 (c) 6 (b) 7 (a) 8 (c) 9 (d) 10 (c)

SECTION B **[5 marks]**
1 mark for each correct answer.

11. When a business wants to increase its market share or to reach new markets in different countries, it may create a **franchise** for its products. This is a business agreement between a **franchiser**, the original owner of the business, and a **franchisee**, the individual who buys the rights. The original firm receives **royalties**. On the other hand, the business buying the rights can benefit from the **brand** of the original firm.

SECTION C **[20 marks]**
2 marks for each correct answer.

12.	A situation where the government sells public enterprises to the private sector.	Privatisation
13.	A situation where an increase in the size of the business organisation leads to lower average costs.	Economies of scale
14.	The resistance by a firm to relocate even when the initial advantages of the location no longer exist.	Industrial inertia
15.	That type of industry whose location is not affected by resources (such as materials), services or transport.	Footloose industry
16.	A single business organisation which supplies the whole market.	Monopoly
17.	The agreement between a group of countries to carry on trade among themselves without barriers and/or restrictions.	Trade bloc
18.	That type of production which is carried out against an order and according to the specifications of the client.	Job production
19.	The largest amount of stock that a business organisation could ever have in its stores.	Maximum stock level
20.	The situation where stocks are kept to a minimum and are received only as they are needed in the production process.	Just in time
21.	When firms widen their product range or extend their product range to satisfy a wider range of markets.	Diversification

SECTION D**[30 marks]**

22. (a) The balance of payments is a document which shows total money flowing into and paid out of the country. (2 marks)
- (b) The balance of trade is the difference between total exports and total imports of a country. (2 marks)
- (c) Exports are goods and services sold to foreigners/foreign countries. Imports are goods and services brought from foreign countries. (2 marks)
- (d) Visible trade balance is the difference between the exportation and importation of goods. (1 mark)
- (e) Invisible trade balance is the difference between the exportation and importation of services. (1 mark)
- (f) A -259,148 (1 mark)
B 184,360 (1 mark)
C -74,788 (1 mark)
D -30,476 (1 mark)
E -105,264 (1 mark)
F 6,619 (1 mark)
G -98,645 (1 mark)

[Total for Question 22: 15 marks]

23. (a) The main aim of a trade union is to safeguard the interests of the workers at the place of work. **OR** The main aim of a trade union is to improve the conditions of work of employees. (1 mark)
- (b) Collective bargaining is the process of negotiating the terms of employment between an employer and a group of workers. The terms of employment are likely to include items such as conditions of employment, working conditions and other workplace rules, base pay, overtime pay, work hours, shift length, work holidays, sick leave, vacation time, retirement benefits and health care benefits. (2 marks)
- (c) (i) A general union is a trade union which represents different types of workers from all industries and firms. (2 marks)
(ii) An industrial union is a trade union which organises all workers in the same industry, regardless of skill or trade. (2 marks)
(iii) A white collar union is a trade union which largely or exclusively represents clerical, administrative and technical employees. (2 marks)
(iv) A crafts union is a trade union which organises workers according to their specific trades. (2 marks)
- (d) In conciliation the two parties agree to refer their case to a mediator who tries to bring the two parties to an agreement. In arbitration the case is referred to an arbiter whose decision is binding on both parties. (2 marks)
- (e) In go slow the workers continue to do their work but at a reduced rate than normal. In the case of work to rule, the workers adhere strictly to their job description and do nothing extra. (2 marks)

[Total for Question 23: 15 marks]

SECTION E**[20 marks]**

24. (a) A commercial bank is a business organisation which makes profit from giving various financial services, both personal and to businesses. (1 mark)
- (b) A central bank is usually a monopoly (1) and normally nationalised (1). It does not make commercial activities (1) and is not open for deposits and borrowing for the public in general (1). (4 marks)
- (c) *Any five of the following or any other answer considered suitable:*

Standing Order: The standing order is a one-time instruction given to the bank by the bank's client to make regular payments on behalf of the client out of the client's bank account.

Direct Debit: Direct debit is an instruction to the bank by the bank's client to make a one-time payment on behalf of the client.

Bank Draft: The bank draft is a cheque issued by the bank itself.

The Night Safe: This is a service used mostly by retailers where they can deposit any cash they have at the end of the day when the banks are closed.

Safe Boxes: These are boxes kept in the bank's strong room in which people keep personal belongings which are either valuable or of personal importance.

Foreign Currency: The bank can supply people with foreign currency which they may need when travelling abroad.

Deposit Accounts: People and organisations can deposit surplus cash in different bank accounts.

Current Accounts: These are accounts operated by means of a cheque book which permits people to pay for transactions without carrying cash.

Plastic Money: This refers to *credit cards* and *debit cards*. They are called *plastic money* since they are made of plastic and represent cash. They are operated by means of a **personal identification number (PIN)**. Both credit cards and debit cards can be used for purchases and to withdraw cash.

Automated Telling Machines (ATMs) and Cash Dispensers: ATMs are machines operated by means of credit cards or debit cards. Cash dispensers can be used to withdraw cash only while ATMs can be used to deposit, give instructions to the bank, ask information about accounts and transfer funds from one account to the other.

Advice: The bank can give advice to its clients regarding financial matters, including investment decisions.

Status Check: The bank may check the status of certain people as regards their credit worthiness. If a bank considers a person as risky businessmen will usually regard such a person as such as well.

Loans: The bank can lend money to people who need money which they do not have at the time being for particular transactions.

(3 marks × 5: 1 mark for each correct service and 2 marks for each correct explanation: Total 15 marks)

[Total for Question 24: 20 marks]

OR

25. (a) A limited liability (joint stock) company is a business organisation owned by a number of owners called shareholders who enjoy limited liability. (2 marks)
- (b) Limited liability means that the company is responsible for all its debts and that the shareholders can only lose the amount they had invested in the company. (2 marks)
- (c) A public limited company can sell shares publicly and has to be listed on the stock exchange while a private limited company cannot sell shares publicly and cannot be listed on the stock exchange. (2 marks)
- (d) *Any one of the following or any other answer considered suitable:*
- A public limited company finds it easier to sell shares since it is listed on the stock exchange.
 - More people are willing to buy shares of a public limited company since they find it easier to buy and sell shares on the stock exchange.
 - Public limited companies can raise the capital needed faster since it is easier to buy and sell shares.
 - A public limited company can raise more capital than a private limited company since it attracts investors to buy shares.
 - A public limited company is usually larger than a private limited company so it can increase its operations and profits. (2 marks)
- (e) (i) Articles of Association – A set of internal rules and regulations of a company. (2 marks)
- (ii) Memorandum of Association – A document showing a set information of interest mainly to third parties. (2 marks)
- (iii) Certificate of Incorporation – A document issued by the Registrar of Companies certifying that the company is duly formed. (2 marks)
- (f) (i) The Registrar of Companies is an official that receives and vets applications for new company formations. (2 marks)
- (ii) A trading certificate is issued to a public limited company. (2 marks)
- (iii) A trading certificate indicates that the company in whose name the certificate was issued can be listed on the stock exchange and can sell shares publicly. (2 marks)

[Total for Question 25: 20 marks]

OR

26. (a) Specialisation is a production method where a worker focuses on one product or on a single part of a whole product. (2 marks)
- (b) Specialisation by product is when a firm or person produces one product only. In specialisation by task, a product is divided into small parts (tasks) and each worker does only one of the tasks. (2 marks)
- (c) *Any four of the following or any other answer considered suitable:*
- Proficiency is gained by time – When a worker performs the same task over and over again s/he will gain experience and expertise in the task.
 - Less time is wasted in moving about and in the preparation for different tasks – Since each does only one task, a worker does not need to move from one place to another.
 - Less time is wasted in moving about and in the preparation for different jobs – Since each produces only one product, a worker does not need to move from one place to another to perform different jobs.
 - Workers are easily trained – It is easier to train workers to do only one job or one task.

- Skills are saved – People may not be skilled to produce a whole product, but they may be good to produce efficiently part of the product.
- Greater chance of being employed – Since it is easier to learn a task, and since a person is required to perform only a part of a product, it will be easier to find a new job.
- Better and more extensive use of machinery and technology – Since different workers perform different tasks, machinery is used more extensively.
- New occupations are created – Since a product is split into different tasks, new operations are required.
- New occupations are created – Since machinery is more extensively used, new occupations are created: different machine operators and technicians to service and repair machinery.
- Greater productivity – Specialisation and division of labour results in greater productivity which leads to higher profits for the firms and maybe greater income for the workers.
- Low production costs – Since specialisation and division of labour lead to greater output with the same amount of resources, the production cost per unit falls.
- More wants are satisfied – Since greater output is produced and, perhaps, at a lower price, people can buy more goods and services because more is available and, perhaps, at a lower price.

(2 marks × 4: 1 mark for each correct disadvantage and 1 mark for each correct explanation: Total 8 marks)

(d) *Any four of the following or any other answer considered suitable:*

- Monotony and boredom occur – A person doing the same thing over and over again may become bored and the work would seem monotonous.
- Loss of initiative and judgement skills – Since the worker is doing only one part of a whole product s/he may lose the skill to think about his/her production of his/her task.
- Lack of job satisfaction – Since workers do not produce a whole product they cannot have the satisfaction of the quality of the final product.
- Loss of craftsmanship – When a worker learns to perform a particular task only, s/he cannot claim that s/he knows to produce a product.
- Lack of industrial training – Division of labour does not require a person to learn to make the different part of a whole product.
- Greater risk of unemployment – Since workers know how to do only one part of a product, if his/her task is no longer required it is easier for the worker to lose the job.
- Interdependence of one sector on another – Every part of a product is dependent on a previous part and every producer is dependent on the previous producer/supplier.

(2 marks × 4: 1 mark for each correct disadvantage and 1 mark for each correct explanation: Total 8 marks)

[Total for Question 26: 20 marks]

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