

Annual Examinations for Secondary Schools 2018

YEAR 11

BUSINESS STUDIES

TIME: 1hr 45 min

Name: _____

Class: _____

FOR OFFICIAL USE ONLY

MARKS

SECTION	A	B	C	D		E	TOTAL
QUESTION	1 – 10	11 – 20	21	22	23	24 - 26	
MARKS	10	10	20	20	20	20	100
STUDENT'S MARK							

INSTRUCTIONS TO STUDENTS

Answer all questions.

Non programmable calculators may be used.

The clear presentation of your work is important.

SECTION A

[10 marks]

Underline the correct answer from the square brackets in each sentence.

1. A budget is the [business plan at the start of a business / financial plan for the coming year / estimation of the cost of producing a good].
2. A law firm is in the [primary / secondary / tertiary] sector.
3. Malta is an example of a [free market / planned / mixed] economy.
4. The secondary sector of the economy may also be called the [manufacturing / extractive / retail] sector.
5. New Image plc is in the [public / private / extractive] sector of the economy.
6. In an industrial dispute, a trade union may use [go slow / sabotage / vandalism] as one of its tools.
7. The employment of workers is regulated by [the Job Centre / MEPA / EIRA].
8. The main source of government revenue is from [fines / taxation / permits].
9. A commercial bank can [lend money / issue notes / control the money supply].
10. Visible trade refers to the import and export of [services / goods and services / goods].

SECTION B

[10 marks]

Answer all questions

Tick (✓) the correct answer in the space provided.

11. If demand exceeds supply, we say that there is

- (a) Glut
- (b) Surplus
- (c) Equilibrium
- (d) Shortage

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

12. The human resources department is responsible for

- (a) The recruitment of workers
- (b) The planning of purchasing
- (c) The keeping of financial records
- (d) The decision of making adverts

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

- 13.** The European Union (EU) is an example of a
- (a) Free trade area
 - (b) Conglomerate
 - (c) Customs union
 - (d) Cartel
- 14.** An example of capital expenditure is
- (a) The maintenance of a machine in a factory
 - (b) The regular service of a delivery vehicle
 - (c) The wages paid to indirect workers
 - (d) The purchase of a freezer by a butcher
- 15.** The stopping of an employee from work as his/her services are no longer required is called
- (a) Dismissal
 - (b) Redundancy
 - (c) Notice
 - (d) Recruitment
- 16.** If unemployment increases because of a slow-down in the economy there would be
- (a) Frictional unemployment
 - (b) Structural unemployment
 - (c) Seasonal unemployment
 - (d) Cyclical unemployment
- 17.** A public limited company
- (a) Must be completely owned by the state
 - (b) Can have its shares listed on the Stock Exchange
 - (c) Must be partly owned by the government
 - (d) Is a company in which the state cannot have shares
- 18.** One of the aims of a firm could be to
- (a) Evade taxation
 - (b) Create waste
 - (c) Grow
 - (d) Create pollution

19. A firm has doubled its resources and as a result its average costs fell. This is called
- (a) Internal economies of scale
 - (b) Internal diseconomies of scale
 - (c) External economies of scale
 - (d) External diseconomies of scale

20. The span of control is
- (a) The number of employees under the direct control of an official
 - (b) The number of employees who have lower grade than the official
 - (c) The number of departments in a business organisation
 - (d) The number of clerical staff in the administration office

SECTION C **[20 marks]**
Answer the question in this section on the foolscaps provided.

21. The following is the Statement of Financial Position (Balance Sheet) as at 31 December 2017 for the business of Maria Genovese, a sole trader.

	<u>Cost</u>	<u>Depreciation</u>	<u>Net Book Value</u>
	€	€	€
<u>Non-Current (Fixed) Assets</u>			
Premises	180,000	-	180,000
Equipment	40,000	15,000	25,000
Furniture	10,000	2,000	8,000
	<u>230,000</u>	<u>17,000</u>	<u>213,000</u>
 <u>Current Assets</u>			
Inventory (Stock)		30,000	
Trade Receivables (Debtors)		20,000	
Bank		2,500	
Cash		200	
		<u>52,700</u>	<u>265,700</u>
 <u>Capital</u>			
Balance 1 January 2017			140,000
Net Profit for the year			42,000
Drawings			(25,000)
			<u>157,000</u>
 <u>Non-Current (Long-Term) Liabilities</u>			
Bank Loan			80,000
 <u>Current Liabilities</u>			
Trade Payables (Creditors)		25,000	
Expenses owing		3,700	
		<u>28,700</u>	<u>265,700</u>

Note: Sales for the year amounted to €300,000.

- (a) Explain the meaning of the following terms used in the Statement of Financial Position (Balance Sheet):
- (i) Assets
 - (ii) Liabilities
 - (iii) Depreciation
 - (iv) Current Liabilities
 - (v) Non-Current (Long-Term) Liabilities
 - (vi) Drawings (6 marks)
- (b) (i) Write down the formula for **working capital**. (1 mark)
(ii) Calculate the working capital of Maria Genovese as at 31 December 2017. (1 mark)
- (c) (i) Write down the formula for **capital employed**. (1 mark)
(ii) Calculate the capital employed of Maria Genovese as at 31 December 2017. (1 mark)
- (d) (i) Write down the formula for the **net profit margin**. (1 mark)
(ii) Calculate the net profit margin of Maria Genovese for the year ended 31 December 2017. (1 mark)
- (e) (i) Write down the formula for the **rate of return on capital employed (ROCE)**. (1 mark)
(ii) Calculate the ROCE of Maria Genovese for the year ended 31 December 2017. (1 mark)
- (f) (i) Write down the formula for the **working capital ratio (current ratio)**. (1 mark)
(ii) Calculate the working capital ratio (current ratio) of Maria Genovese as at 31 December 2017. (1 mark)
- (g) (i) Write down the formula for the **quick assets (acid test) ratio**. (1 mark)
(ii) Calculate the quick assets (acid test) ratio of Maria Genovese as at 31 December 2017. (1 mark)
- (h) (i) Do you think that the liquidity position of Maria Genovese as at 31 December 2017 is good? (1 mark)
(ii) Give one reason for your answer. (1 mark)

[Total for Question 21: 20 marks]

SECTION D**[40 marks]****Answer both questions on the foolscaps provided.****Each question carries 20 marks****22. Read the following passage and then answer the question that follow:**

The chairperson of a local bank is aware that society is undergoing change where family matters and work are concerned. More women are remaining in work after they marry and after they have children. Moreover, more women are returning to work after they have raised their children. However, certain family needs and pressure from society still remain. Thus, the chairperson is thinking of introducing a system whereby employees in general are given the opportunity to decide the number of hours they wish to work. Employees can also choose to work on a flexitime system where they decide when to start and finish their work. The chairperson believes that this would permit the bank to extend the opening hours, thus serving other needs of the bank's customers and society as a whole. Many branch managers objected to this as they feared that they would lose control and that many of the employees would choose to work at the most convenient times only and this might not suit the requirement of the bank. Many cashiers also objected for the change as they feel that during the less popular times the burden of work would fall on the few who decide to continue to work at the present times.

- (a) What made the chairperson decide to make the change? (2 marks)
- (b) What is the change that the chairperson is proposing? (2 marks)
- (c) Who objected for the change? (2 marks)
- (d) For your answer to Q22(c), state the objections raised by the employees. (4 marks)
- (e) Mention **one** (1) advantage of the change for the bank employees. (2 marks)
- (f) Mention **one** (1) advantage of the change to the bank. (2 marks)
- (g) Mention and briefly explain **three** (3) other reasons why people may resist change. (6 marks)

23. Read the following passage and then answer the questions that follow:

Mario is a professional photographer who has been in business for a number of years. Carlo is another professional photographer. They decided to join their business and to form a limited liability company with the intention to expand their activities. With the help of an accountant and a financial adviser they prepared a business plan. They also prepared the Articles of Association and the Memorandum of Association which are necessary when a new company is formed.

- (a) What type of merger is that between Mario and Carlo? (2 marks)
- (b) What is the **Articles of Association**? (2 marks)
- (c) What is the **Memorandum of Association**? (2 marks)
- (d) List the different clauses of the Memorandum of Association. (6 marks)
- (e) The Articles of Association and the Memorandum of Association have to be sent to an official in the MFSA. What is this official called?(2 marks)
- (f) Which document must be issued by the MFSA official to show that the application has been accepted and that the company has been properly formed? (2 marks)
- (g) Name the document issued to public limited companies but not to private limited companies. (2 marks)
- (h) Explain the term **limited liability**. (2 marks)

[Total for Question 23: 20 marks]

SECTION E**[20 marks]****Choose ONE question and write an essay on all the related parts.**

- 24.** (a) What is meant by the **division of labour**? (2 marks)
- (b) Mention **and** explain three (3) benefits that the division of labour would bring to a company? (6 marks)
- (c) Mention **and** explain three (3) advantages that the division of labour would bring to the workers? (6 marks)
- (d) Mention **and** explain three (3) disadvantages that the division of labour would bring to the workers? (6 marks)

OR

- 25.** (a) What do you understand by the term **marketing**? (2 marks)
- (b) What do you understand by the term **market segmentation**? (2 marks)
- (c) Mention four (4) ways how a market may be segmented. (4 marks)
- (d) For each market segmentation mentioned in (Q25c), explain why that segmentation may be useful. (8 marks)
- (e) Explain what you understand by **branding**? (2 marks)
- (f) Explain one reason why branding is important (either from the point of view of the firm or from the point of view of the customer). (2 marks)

OR

- 26.** (a) Explain why it is important for firms to choose carefully the site where to locate their business. (2 marks)
- (b) Mention **and** explain six (6) factors which may affect the location of a business. (18 marks)

END OF PAPER