

**Annual Examinations for Secondary Schools 2018**

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**YEAR 11** **BUSINESS STUDIES** **MARKING SCHEME**

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**SECTION A**

**Each question carries 1 mark** **[10 marks]**

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**

**1 mark for each correct answer** **[10 marks]**

11 (d); 12 (a); 13 (c); 14 (d); 15 (b); 16 (d); 17 (b); 18 (c); 19 (a); 20 (a)

**SECTION C**

**[20 marks]**

21. (a) (i) Assets are resources owned and used by a firm. (1 mark)  
(ii) Liabilities are amounts owing to third parties (people outside the firm). (1 mark)  
(iii) Depreciation is the fall in the value of non-current assets. (1 mark)  
(iv) Current Liabilities are liabilities payable within one year. (1 mark)  
(v) Non-Current (Long-Term) Liabilities are liabilities payable after more than one year. (1 mark)  
(vi) Drawings are assets taken by the owner from the firm for personal use. (1 mark)

(Total: 6 marks)

- (b) (i) Working Capital = Current Assets – Current Liabilities (1 mark)  
(ii)  $52,700 - 28,700 = 24,00$  (1 mark)
- (c) (i) Total Assets – Current Liabilities **OR**  
Non-Current Assets + Working Capital **OR**  
Capital + Non-Current Liabilities (1 mark)  
(ii)  $265,700 - 28,700 = 237,000$  **OR**  
 $213,000 + 24,000 = 237,000$  **OR**  
 $157,000 + 80,000 = 237,000$  (1 mark)
- (d) (i)  $\frac{\text{Net Profit}}{\text{Sales}} \times 100$  (1 mark)  
(ii)  $\frac{42,000}{300,000} \times 100 = 14\%$  (1 mark)
- (e) (i)  $\frac{\text{Net Profit}}{\text{Capital Employed}} \times 100$  (1 mark)  
(ii)  $\frac{42,000}{237,000} \times 100 = 17.72\%$  (1 mark)
- (f) (i)  $\frac{\text{Current Assets}}{\text{Current Liabilities}}$  (1 mark)  
(ii)  $\frac{52,700}{28,700} = 1.84:1$  (1 mark)
- (g) (i)  $\frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$  (1 mark)  
(ii)  $\frac{52,700 - 30,000}{28,700} = \frac{22,700}{28,700} = 0.79:1$  (1 mark)
- (h) (i) Maria's business **does not** have a good liquidity position. (1 mark)  
(ii) Both the current ratio and the acid test ratio are below the minimum required level (2:1 for the current ratio and 1:1 for the acid test ratio). (1 mark)

[Total for Question 21: 20 marks]

## SECTION D

[40 marks]

22. (a) *Any one of the following:* The change in family matters / the increase in the number of married women remaining in work / more married women wishing to return to work. (2 marks)
- (b) The change is that workers can decide how much [1] and when [1] they are ready to work. (2 marks)
- (c) Branch managers [1] and cashiers [1] (2 marks)
- (d) Branch managers: They would lose control over their staff as employees would only choose to work at their most convenient times for them (2 marks)  
Employees: Many would choose particular times and the burden of work would fall on few employees during less popular times. (2 marks)  
(Total: 4 marks)

- (e) *Any one of the following or any other answer deemed suitable:*
- Workers who are unable to work full time or during conventional times will be able to continue with their career while still attending to family needs
  - Workers who are unable to work full time or during conventional times will be able to earn a living. (2 marks)
- (f) *Any one of the following or any other answer deemed suitable:*
- The bank can extend its opening hours.
  - The bank could still make use of competent employees who are unable to work full time or during conventional times. (2 marks)
- (g) *Any three (3) of the following, or any other answer deemed suitable:*
- Ignorance – People may not understand the reason for the change.
  - Fear and insecurity – People usually feel safe in their present situation and change always carries some sense of uncertainty.
  - Loss of power and status – Change may bring about a change in relative power and people accustomed to power may feel that their power is diminished.
  - Personal beliefs – Some changes may go against the philosophy and beliefs of some people.
  - Living habits – Changes may require people to change their lifestyles and have to plan how to spend their times.
- (1 mark for a correct reason and 1 mark for each correct explanation: Total 6 marks)  
**[Total for Question 22: 20 marks]**

23. (a) Horizontal merger (2 marks)
- (b) The Articles of Association contains the rules and regulations of the company. (2 marks)
- (c) The Memorandum of Association contains information of interest to people outside the company. (2 marks)
- (d) (i) The official name of the company.  
(ii) The registered address of the company.  
(iii) The authorised share capital of the company.  
(iv) The object of the company.  
(v) That the organisation enjoys limited liability.  
(vi) That the company is a public limited company (where applicable)  
(1 mark × 6 = 6 marks)
- (e) Registrar of Companies (2 marks)
- (f) Certificate of Incorporation (2 marks)
- (g) Trading Certificate (2 marks)
- (h) Limited liability means that the company is responsible for its liabilities and the risk of the shareholders is limited to the amount invested in the company. (2 marks)

**[Total for Question 23: 20 marks]**

**SECTION E****[20 marks]**

24. (a) Division of labour is when a job is split into small tasks and each worker performs only one task. (2 marks)
- (b) *Any three of the following or any other answer considered suitable:*
- Greater output – Division of labour leads to greater output with the same amount of resources.
  - Lower average costs – Since more output is produced with the same amount of resources the average cost falls.
  - Easier to train workers – Since workers have to learn one task only it takes less time to train the workers.
  - More use of machinery – Since tasks are split into tiny parts more specialised machinery may be used and the machinery is used more extensively.
- (1 mark for each correct advantage mentioned and 1 mark for each correct explanation. Total: 6 marks)
- (c) *Any three of the following or any other answer considered suitable:*
- Only one job is done – The worker does not need to be good in many tasks.
  - Easier to get trained – The worker has to learn only one skill so it is easier and quicker.
  - Skills are saved – A person may not be good in all the tasks required by a product but if s/he is good in one task, then the person is employable.
  - Easier to find a job – Since it is easy to learn a single skill, employability may increase.
- (1 mark for each correct advantage mentioned and 1 mark for each correct explanation. Total: 6 marks)
- (d) *Any three of the following or any other answer considered suitable:*
- Monotony and boredom – Work would become monotonous and workers may get bored doing the same thing.
  - Lack of training in full skills – A person will not learn how to do something from beginning to end but only how to do one small part.
  - Risk of unemployment – Since the worker knows only one tiny skill, if the skill is no longer needed s/he may become unemployed.
  - More difficult to find a new job – Since the worker does not know how to do something else, s/he may have difficulty in finding a new job.
- (1 mark for each correct advantage mentioned and 1 mark for each correct explanation. Total: 6 marks)

**[Total for Question 24: 20 marks]**

25. (a) Marketing is the process by means of which the firm gets to know what the market wants and informing the market about its products. (2 marks)
- (b) Market segmentation is the process of dividing a market of potential customers into groups or segments based on different characteristics. (2 marks)
- (c) *Any three of the following or any other answer considered suitable:*  
Geographic, age, vender, income, education, religion, culture, buying behaviour.  
(1 mark × 4 = 4 marks)

- (d) • Geographic – People living in different areas may have different needs and/or wishes.
- Age – People of different age groups have different needs and may react differently to the market.
  - Gender – Males and females tend to buy different things and may have different needs and likes.
  - Income – People earning different incomes have different purchasing powers. Some may afford expensive goods while others do not.
  - Education – People having different levels of education may have different priorities and different buying behaviours. What appeals to a person with a high level of education may not appeal to another with a very low level to education.
  - Religion – Religion may affect the lifestyles and habits of their followers. Certain religions may prohibit the use of certain goods.
  - Culture – The culture of a country or region may affect the habits and lifestyles of the people.
  - Buying behaviour – Different people may opt for different ways and means of buying and certain buying methods may not appeal to some buyers.
- (2 marks × 4 = 8 marks)

(e) Branding is the process of creating a unique name and image for a product in the consumer's mind. (2 marks)

(f) *Any one of the following or any other answer considered suitable:*

- Branding helps to differentiate between the products of a firm and that of another, thus consumers may be selective.
- People can identify quality with the products of particular firms.
- Firms can market their products better as they can link the product with the firm.
- The product itself can be used as a marketing tool on the market. (2 marks)

**[Total for Question 25: 20 marks]**

26. (a) It is important for firms to choose carefully the site where to locate their business since the location may affect the cost and the marketability of their products. (2 marks)

(b) *Any six of the following or any other answer considered suitable:*

- Cost – Different areas may carry different rent rates or different prices for land and buildings.
- Availability of space – A firm wishing to establish itself in a particular area must find some space available. This applies both to physical availability and legal availability in the sense that the law permits a particular activity to take place in that area.
- Access to raw materials – A firm has to think about how to acquire the materials it requires. The location must not make it very difficult for suppliers to deliver the materials.
- Access to power supply – In certain remote areas it would be difficult to bring the supply of power and electricity. This also applies to cases where the power station is unable to increase the supply of energy because of its capacity.
- The location of the main markets – In some cases firms would like to locate themselves among their competitors so that they are in the hub of the market.

- Newly developed markets – Sometimes firms might prefer to be pioneers in new areas where similar products and/or services to theirs are not yet available.
  - The supply of skilled labour – Finding skilled labour available would reduce training costs to the firm.
  - Goods transport facilities – If transport of goods is difficult, firms might find it difficult to obtain the materials and/or goods they sell. Transport may take time and this may delay the operations of the firm.
  - Transport and Public transport – If transport is not well organised, people may be discouraged of frequenting a particular area in order to make their acquisition of certain goods and services.
  - Regional specialisation – Some areas tend to naturally appeal to certain activities such as farming and fishing in particular areas in Malta and the furniture market in Hamrun.
  - Government intervention – Sometimes the government might intervene to influence the location of certain industries in particular areas or regions.
- (1 mark for each correct point mentioned and 2 marks for each correct explanation.

Total: 18 marks)

**[Total for Question 26: 20 marks]**

**END OF PAPER**