

Annual Examinations for Secondary Schools 2020

YEAR 11	BUSINESS STUDIES	MARKING SCHEME
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SECTION A

10 marks in total – 1 mark each correct answer.

The **human resource** department is important in all businesses, because it is directly involved with the employees working in those businesses. If all workers are highly **motivated** and happy, the firm's output and **efficiency** should both be high. On the other hand a discontented **workforce** can lead to disruptions in production and possibly even closure of the **business**. One way that the personnel department can help a firm to achieve a satisfied workforce is to ensure that suitable people are selected, **recruited** and **trained**. In order to do this, recruitment procedures must be used, which are suitable for the job in question. Appropriate selection procedures should be adopted by **shortlisting** applicants and so eliminating those who do not meet the **job specification**. The chosen candidates will then be invited for an interview. Once the new employees are in post, they will want to settle down as quickly as possible. Efficient **induction training** will help this to take place.

SECTION B

10 marks in total – 1 mark each correct answer.

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

SECTION C

[60 marks]

Question 1

- a. *Any one (1) of the following or any other answer deemed suitable:*
- Analysing the effects of changes in prices on profits.
 - Planning the amount of products that a business should produce.
 - It allows owners or operators to understand the costs that must be overcome to earn a profit.

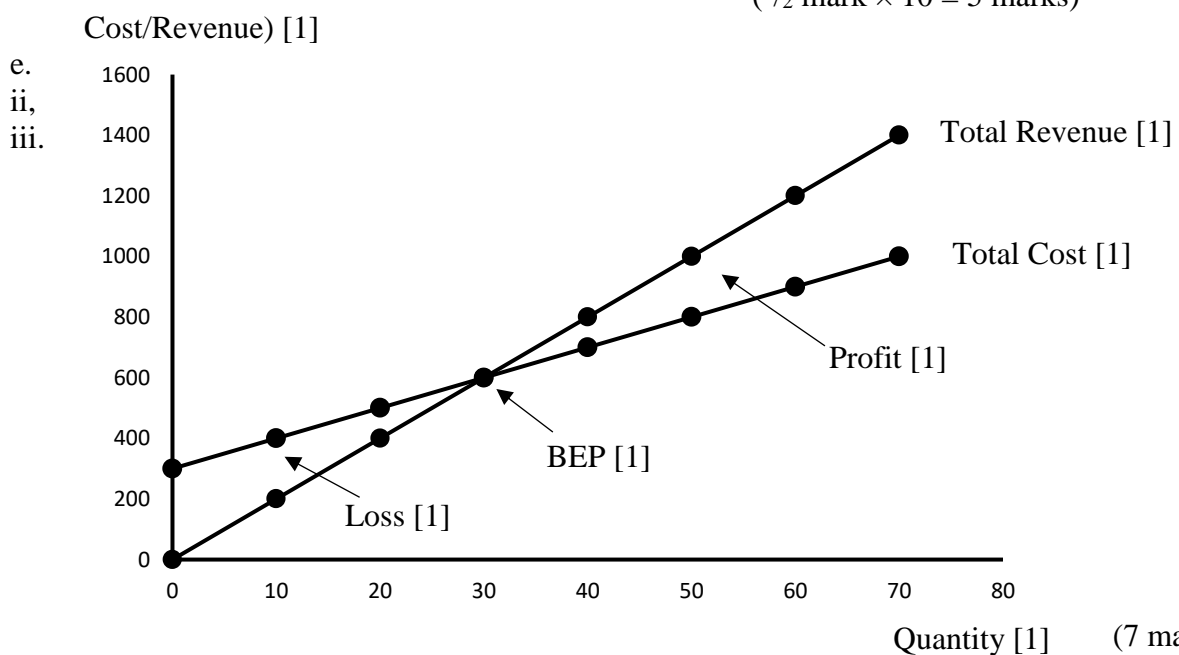
(1 mark)

- b. i. Break-even (1 mark)
 ii. Profit (1 mark)
 iii. Loss (1 mark)
- c. Variable costs – These costs change with the level of production. (1mark)
 Fixed costs – These costs remain the same irrespective of the level of production. (1 mark)
- d. The margin of safety is the range of production where the business is able to make a profit. (1 mark)

e. i.

Output	Fixed Cost	Variable Cost	Total Cost	Total Revenue
Number of calculators	€	€	€	€
0	300	0	300	0
10	300	100	400	200
20	300	200	500	400
30	300	300	600	600
40	300	400	700	800
50	300	500	800	1,000
60	300	600	900	1,200
70	300	700	1,000	1,400

($\frac{1}{2}$ mark \times 10 = 5 marks)



e. iv. €300 (1 mark)

[Question 1: Total marks: 20]

Question 2

- a. **Trade union** – An organization whose membership consists of workers and union leaders, united to protect and promote their common interests. (1 mark)
Employees – Individuals who work part-time or full-time under a contract of employment, who have recognized rights and duties. Also called workers. (1 mark)
Collective bargaining – Good-faith process between an organization's management and a trade union representing its employees, for negotiating wages, working hours, working conditions, and other matters of mutual interest. (1 mark)
Inter-union dispute – Occurs when there are two trade unions claiming to have a majority of members in the same entity. (1 mark)
Employers' association - Organization of employers generally from the same industry working together for the interests of all member businesses on tasks like trade union negotiation, sharing information and advice, and approaching other businesses. (1 mark)
- b. Maltese employment relations and Maltese industrial relations. (1 mark)
- c. Industrial relations refer to the relationship between the employers and the employees. This relationship is usually between trade unions representing the workers and the management of the business. (1 mark)
- d. Malta Union of Bank Employees, GWU and Union Haddiema Magħqudin – voice of the workers. (3 marks)
- e. Disputes among trade unions is damaging industries in the sense that it is leading to expensive settlements, which weaken competitiveness. (1 mark)
- f. *Any two (2) of the following or any other answer deemed suitable:*
To negotiate with employers, to protect their members, to give rights to their members, to advice and represent their members, to influence others for the benefit of their members. (2 marks)
- g. Yes. (1 mark)
Any one (1) of the following or any other answer deemed suitable:
- The employer will discuss working conditions of workers with the trade union representatives, instead of negotiating with each individual worker in the business.
 - A good working relationship will develop between the management of the business and the trade union.
 - A better relationship between the employer and a trade union means less industrial disputes (disagreements) which is better for both the employer and the workers.
 - Problems of workers will be solved through trade unions. (1 mark)
- h. An industrial dispute is a conflict between an employer and its employees. (1 mark)
- i. *Any four (4) of the following or any other answer deemed suitable:*
Overtime ban, go slow, work to rule, sit-in, blacking and strike. (4 marks)

[Question 2: Total marks: 20]

Question 3

- a. A = 20,000 B = 12,000 C = 120,000 D = 100,000 (4 marks)
- b. Any two (2) of the following or any other answer deemed suitable:
Non-Current Assets: Land and Buildings, Office Furniture, Office Equipment, Plant and Machinery, Motor Vans. (2 marks)
Any two (2) of the following or any other answer deemed suitable:
Current Assets: Inventory, Trade Receivables (Debtors), Bank and Cash. (2 marks)
- c. Any one (1) of the following or any other answer deemed suitable:
Non-Current Liabilities: Bank Loan, Loan. (1 mark)
Any one (1) of the following or any other answer deemed suitable:
Current Liabilities: Trade Payables (Creditors), Bank Overdraft. (1 mark)
- d. i. $\frac{\text{Gross Profit}}{\text{Sales Turnover}} \times 100$ $\frac{20,000}{80,000} \times 100 = 25\%$ (2 marks)
- d. ii. $\frac{\text{Net Profit}}{\text{Sales Turnover}} \times 100$ $\frac{8,000}{80,000} \times 100 = 10\%$ (2 marks)
- d. iii. $\frac{\text{Current Assets}}{\text{Current Liabilities}}$ $\frac{30,000}{20,000} = 1.5:1$ (2 marks)
- d. iv. $\frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$ $\frac{30,000 - 5,000}{20,000} = 1.25:1$ (2 marks)
- d. v. $\frac{\text{Net Profit}}{\text{Capital Employed}} \times 100$ $\frac{8,000}{100,000} \times 100 = 8\%$ (2 marks)

[Question 3: Total marks: 20]

SECTION D

[20 marks]

Question 1

- a. i. Primary sector of production is concerned with obtaining things (food and raw materials) from the earth. (1 mark)
- ii. The secondary sector of production includes those industries that use the raw materials from the primary sector to make finished products. (1 mark)
- iii. Tertiary sector of production provides all types of services. (1 mark)
- b. Any reasonable answer for each sector of production. (3 marks)
- c. i. Any two (2) of the following or any other answer deemed suitable:
Internal sources of finance: selling of assets, retained profit, investing surplus cash, reducing stock (inventory) levels. (2 marks)
Any two (2) of the following or any other answer deemed suitable:
ii. External sources of finance: bank loans, hire purchase, overdrafts, trade credit, leasing, factoring (sale of debts), issue of shares or debentures. (2 marks)

- d. Privatisation is the transfer of a business, industry, or service from public to private ownership and control. Nationalisation is the transfer of ownership of a business, industry or service from the private to the public sector. (2 marks)
- e. i. *Any two (2) of the following or any other answer deemed suitable:*
- Small savers have an opportunity to invest money by buying shares of public limited companies from the stock exchange.
 - Privatisation can attract foreign investments.
 - Privatisation prevents the bureaucracy that is associated with state-run industries.
 - There is no interference from political leaders and also one does not need to do undue favour to them, which in itself is a big boost when it comes to doing business and increasing profitability. (2 marks)
- ii. *Any two (2) of the following or any other answer deemed suitable:*
- Government control of a company prevents monopolies to be owned by the private sector.
 - Profits of public corporations are used by the government for the country's needs.
 - Some forms of businesses are very important for the country to be owned by the private sector.
 - Reduction of social costs. (2 marks)
- f. A legal contract in which a well-established business consents to provide its brand, operational model and required support to another party for them to set up and run a similar business in exchange for a fee and some share of the income generated. The franchise agreement lays out the details of what duties each party needs to perform and what compensation they can expect. (2 marks)
- g. *Any two (2) of the following or any other answer deemed suitable:*
McDonalds, Pizza Hut, KFC, Burger King, Carrefour, Re/max, Hard Rock Café. (2 marks)

Question 2

- a. i. Demand describes a consumer's desire and willingness to pay a price for a specific good or service. (1 mark)
- ii. Supply is the amount of a product offered for sale at a given price. (1 mark)
- b. *Any four (4) of the following or any other answer deemed suitable:*
Price of product, price of substitute product, price of complementary product, consumers' income, taste and fashion, advertising. (4 marks)
- c. *Any four (4) of the following or any other answer deemed suitable:*
Price of product, wage rates, price of raw materials, climate (for agricultural products), taxes, subsidies, improvement in technology. (4 marks)
- d. Excess demand is the excess of the quantity demanded of a good or service, at a given price, over its supply at that price. (1 mark)
Excess supply refers to a market situation where quantity supplied of a good or service is greater than the quantity demanded. (1 mark)
- e. i. Equilibrium price: €2 per kilogram. (1 mark)
Equilibrium quantity: 2,000 kilograms. (1 mark)
- ii. *Any one (1) of the following:*
€3 per kilogram, €2.50 per kilogram. (1 mark)
- iii. *Any one (1) of the following:*
€1.50 per kilogram, €1 per kilogram, €0.50 per kilogram (1 mark)
- f. Demand for the product will decrease while supply of that product will increase. (2 marks)
- g. The demand for solar panels will increase because people will install solar panels to reduce their electricity bill as much as possible. (2 marks)