

Annual Examinations for Schools 2022

YEAR 11	BUSINESS STUDIES	TIME: 1h 45 min
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Name: _____ **Class:** _____

FOR OFFICIAL USE ONLY							
MARKS							
SECTION	A	B	C1	C2	C3	D	TOTAL
MARKS	10	10	20	20	20	20	100
STUDENT'S MARK							

- Non programmable calculators may be used.
- The clear presentation of your work is important.
- Sections A and B are to be answered on the paper. Sections C and D are to be answered on the foolscaps provided.

SECTION A**[10 marks]**

Fill in the blanks below with the appropriate words or terms from the list. Each term can be used once only. There are two extra words which are not to be used.

shareholders	skills	public
marketing	profitability	scale
induction	interviews	company
recruited	private	grow

Jamie and Carla formed a partnership and opened a small grocery shop. Their business form part of the _____ sector of the economy. They succeeded well in business and decided to _____ by forming a private limited _____, JamCar supermarket Ltd. Jamie and Carla are the only _____ in this company.

They decided to employ workers to be able to cope with the increase in their work. Several _____ and assessments were made to a number of job applicants to select candidates with the precise _____ and competences that the jobs required. When the new employees were _____, training was given to them so that they would make immediate contribution to the business. Such training is known as _____ training.

The company aims to grow more to achieve economies of _____, which makes the business more efficient and thus improve its performance and _____.

SECTION B**[10 marks]****ANSWER ALL QUESTIONS IN THIS SECTION****Tick (✓) the correct answer in the space provided. Each question carries 1 mark.**

1. An economy where the government controls and regulates production, distribution and prices is referred to as:

(a) Market economy.	☐
(b) Mixed economy.	☐
(c) Planned economy.	☐
(d) Traditional economy.	☐

2. A production system where unique items are made to customers' specifications is called:

(a) Job production.	☐
(b) Batch production.	☐
(c) Mass production.	☐
(d) Flow production.	☐

3. When a business expands its own operations by relying on developing its own resources and capabilities is referred to as:

(a) External growth.	☐
(b) Internal growth.	☐
(c) Horizontal integration.	☐
(d) Vertical integration.	☐

4. Which statement is referring to nationalisation?

(a) The entity will no longer be controlled by the government.	☐
(b) The state will be selling more than 50% of an entity's shares.	☐
(c) The entity will be listed on the stock exchange.	☐
(d) The state will be buying more than 50% of an entity's shares.	☐

5. One of the roles of the human resource department is to:

(a) Advertise the business products.	☐
(b) Prepare financial statements for the business.	☐
(c) Employ new workers in the business.	☐
(d) Buys all items that the business needs.	☐

6. Delegation of authority occurs when:
- (a) an authoritarian style of leadership is adopted. ☐
 - (b) chains of command are not followed. ☐
 - (c) the manager is in total control. ☐
 - (d) superiors hand over some of their duties to subordinates. ☐
7. Firms spend a lot of money on advertising since;
- (a) it increases workers' efficiency. ☐
 - (b) it improves the business' internal organisation. ☐
 - (c) they aim to attract more consumers to the business. ☐
 - (d) they want to buy high quality products from suppliers. ☐
8. The secondary sector of production is associated with:
- (a) manufacturing and construction. ☐
 - (b) retailing and wholesaling. ☐
 - (c) extraction and agriculture. ☐
 - (d) insurance and banking. ☐
9. The result of economies of scale may be:
- (a) stable unit cost when output increases. ☐
 - (b) an increase of unit cost when output increases. ☐
 - (c) less efficient production. ☐
 - (d) a decrease of unit cost when output increases. ☐
10. A business has the following financial information:
Sales €400,000, cost of sales €250,000 and a net profit of €50,000. Its expenses should be:
- (a) €130,000. ☐
 - (b) €200,000 ☐
 - (c) €100,000 ☐
 - (d) €250,000 ☐

SECTION C

[60 marks]

Answer all questions in this section on the foolscaps provided. Each question carries 20 marks.

Question 1

- a. Mention two main roles of each of the following:
- i. Jobsplus. (2 marks)
 - ii. Malta Enterprise. (2 marks)

- b. What is the main role of each of the following:
 - i. Malta Stock Exchange. (1 mark)
 - ii. The Malta Chamber of Commerce, Enterprise and Industry. (1 mark)
- c.
 - i. Give two reasons to show why businesses need to adapt to a changing environment. (2 marks)
 - ii. Mention two factors that contribute to resisting the effects of change. (2 marks)
- d.
 - i. What is unemployment? (1 mark)
 - ii. Explain why unemployment is a wastage of human resources. (1 mark)
 - iii. What is the difference between frictional unemployment and structural unemployment? (2 marks)
- e.
 - i. Mention two factors which increase the population of a country and two factors which decrease the population in a country. (4 marks)
 - ii. Distinguish between occupational mobility of labour and geographical mobility of labour. (2 marks)

Question 2

Read the extract below and then answer the questions which follow:

Marketing makes use of the marketing mix, also referred to as the 7 P's. The marketing mix collectively makes up the essential mix, a business needs to market a product.

- a. Why is marketing an important business function? (1 mark)
- b. Mention four components which are included in the marketing mix. (4 marks)
- c. What is market research and why is it important for a business? (2 marks)
- d. What is the difference between:-
 - i. desk research and field research. (2 marks)
 - ii. informative advertising and persuasive advertising. (2 marks)
 - iii. mass marketing and niche marketing. (2 marks)
- e.
 - i. Explain advertising. (1 mark)
 - ii. Mention two disadvantages of advertising. (2 marks)
- f.
 - i. What is the product life cycle? (1 mark)
 - ii. Why is it important for a business to have reliable information about the product life cycle of the product it is producing and selling? (1 mark)
 - iii. Name two stages that are found in a product life cycle. (2 marks)

Question 3

Consider the following information and then answer the questions below:

Joseph Grech
Statement of Financial Position
as at 31 December 2021

	€	€
<u>Non-Current Assets</u>		
Office furniture		18,000
Delivery van		24,500
		A
<u>Current Assets</u>		
Inventory	10,500	
Trade receivables	14,300	
Bank	9,785	
Cash	2,915	37,500
		B
<u>Capital</u>		
Balance 1 January 2021		55,000
Net Profit		13,000
		68,000
Drawings		(8,000)
		C
<u>Non-Current Liabilities</u>		
10% Bank loan		5,000
<u>Current Liabilities</u>		
Trade payables		15,000
		80,000

- a. Calculate the missing figures represented by the letters A, B and C. (3 marks)
- b. Give the formula for each of the following and calculate: (show all workings)
 - i. Working Capital. (2 marks)
 - ii. Capital Employed. (2 marks)
 - iii. Return on Capital Employed (ROCE). (2 marks)
 - iv. Working Capital Ratio. (2 marks)

- c. Consider the following information which was taken from the books of Jamie Pace's business as at 30 April 2022:

	€
Inventory at 1 May 2021	15,500
Inventory at 30 April 2022	16,800
Purchases	54,860
Sales	80,420
Expenses	13,630

You are required to give the formula for each of the following and calculate for Jamie's business, as at 30 April 2022: (show all workings)

- i. Cost of sales,
- ii. Gross profit,
- iii. Net profit. (6 marks)

- d. Explain the following terms: i. Depreciation ii. Drawings iii. Liabilities. (3 marks)

SECTION D

[20 marks]

Choose ONE of the following and answer the questions about it on the foolscaps provided.

Question 1

- a. Evaluate why the rent payment of a business is a revenue expenditure and not a capital expenditure? (2 marks)
- b.
 - i. Distinguish between internal and external sources of finance in the private sector. (2 marks)
 - ii. Classify the following as either internal sources of finance or external sources of finance:
Loan, selling of old business' assets, issue of shares and retained profits. (4 marks)
- c. Explain the following terms:
 - i. Organisation Chart.
 - ii. Centralisation.
 - iii. Decentralisation (3 marks)
- d. What is meant by:
 - i. Laissez-faire leadership style?
 - ii. Autocratic leadership style?
 - iii. Democratic leadership style? (3 marks)
- e. Mention three needs that are found in Maslow's hierarchy of needs (Maslow's theory). (3 marks)

- f. Briefly explain the type of employees as mentioned in McGregor's Theory X and Theory Y. (2 marks)
- g. Explain the hygiene factors as mentioned in Herzberg's motivational theory. (1 mark)

Question 2

- a. Mention and explain three business objectives. (6 marks)
- b. Mention one role of the following departments:
 - i. Finance department.
 - ii. Research and Development department.
 - iii. Purchasing department.
 - iv. Production department. (4 marks)
- c. Give two reasons to show why good communication is important for every business. (2 marks)
- d. What is the difference between:
 - i. Wants and needs.
 - ii. Private sector and public sector.
 - iii. Limited liability and unlimited liability.
 - iv. Public limited company and private limited company. (8 marks)

END OF PAPER