

JUNIOR LYCEUMS ANNUAL EXAMINATIONS 2001

Educational Assessment Unit – Education Division

FORM 5**BUSINESS STUDIES****TIME: 1hr 45min**

Name: _____

Class: _____

SECTION A: ANSWER ALL QUESTIONS**Underline the correct answer**

1. **Memos** are:
 - (i) letters to the customers of a business
 - (ii) a common form of written communication used within a business
 - (iii) verbal means of communication

2. **Population statistics** are essential for the business because:
 - (i) people are the workers and the customers of a business
 - (ii) birth and death rates increase the population
 - (iii) the personnel department is based on these statistics

3. **Standing orders** are:
 - (i) one-way communication
 - (ii) instructions given to a bank for the payment of fixed amounts on a regular basis
 - (iii) direct debits

4. The term “**pooling of risks**” in insurance means that:
 - (i) the insurance company covers uninsurable risks
 - (ii) the insured must disclose all material facts
 - (iii) many facing risks pay premiums so that the few who suffer loss are reimbursed

5. **Restrictive practices** used by unions in an industrial dispute include:
 - (i) strikes, collective bargaining and overtime ban
 - (ii) work to rule, go slow and strikes
 - (iii) conciliation, arbitration, picketing

6. **Diseconomies of scale** arise when:
 - (i) the benefits of large-scale production lead to a lower average cost
 - (ii) there are internal economies of scale
 - (iii) an increase in the size of the firm leads to less efficient production

7. Which is the best definition of “**consumer protection**”?
 - (i) measures taken to ensure that the public receives fair value in the goods or services it purchases
 - (ii) government legislation aiding the business
 - (iii) control on the spending of consumers

8. The **packaging** used for a particular commodity should:
- (i) impress the producer and attract his attention
 - (ii) keep the good fresh, intact and ready for use
 - (iii) provide work for the people in the personnel section
9. To analyse the final accounts from the point of view of **profitability** one uses:
- (i) the acid test ratio and the current assets ratio
 - (ii) the stockturn and debtor turnover
 - (iii) the ROCE and net profit margin
10. The **Stock Exchange** is of vital importance to a country as:
- (a) it provides a market place for the buying and selling of securities
 - (b) it provides a sensitive barometer of the general state of the economy
 - (c) the market prices of shares are used for the assessment of compensation of payments when firms are nationalised
- Which of the above are true?**
- (i) a and b
 - (ii) a and c
 - (iii) a, b and c

(20 marks)

SECTION B: ANSWER ANY TWO QUESTIONS FROM THIS SECTION ON THE FOOLSCAPS PROVIDED

1. A classmate of mine has two pen-friends coming from lands of different economic systems. **Pen-friend A** - goes to a private school
- lives in a country where the state has a limited role
 - people are accustomed to take holidays abroad
 - businesses are mostly privately-owned
- Pen-friend B** - goes to a state school
- health and other services are provided by the state
 - there is lack of freedom of choice
 - government controls most businesses
- (a) To which **type of economy** would you associate **Pen-friend A's** country? Moreover, mention a **country which has this type of economic system.** **(2 marks)**
- (b) Now name the **type of economic system** associated with **Pen-friend B's** country and give an **example** of a country falling in this category. **(2 marks)**
- (c) If you were told that my **classmate** lives in a country with an **economy between the two extreme economic systems referred to above**, what name would you give to this economy? Also give an **example** of a country with such an economy. **(2marks)**
- (d) List **two advantages** and **two disadvantages** of the first type of economy. **(4marks)**
- (e) The **public sector** of an economy is basically made up of **3 business units**. **Draw a diagram** to show these units and **write a sentence on each.** **(6 marks)**
- (f) "Indirect production is a typical feature of all developed societies". Briefly **comment** on this statement, showing what is meant by "**indirect production**". **(4 marks)**

2. (a) Define the word “**Budgeting**”. (2 marks)
 (b) Give **two** reasons why budgeting is important for an organisation. (2 marks)
 (c) Below is a Cash Flow Forecast for ABC Co. Ltd. **Fill in the gaps**, taking into consideration the notes beneath the Forecast.

Cash Flow Forecast for ABC Co. Ltd.

	June	July	August	September
<u>Income</u>	Lm	Lm	Lm	Lm
Bank balance from last month	200	_____	_____	_____
Sales	200	300	250	100
INCOME TOTAL	_____	_____	_____	_____
<u>Expenditure</u>				
Salaries & wages	120	150	130	_____
Raw materials	50	60	55	40
Electricity	35	_____	40	30
Telephone bills	30	35	30	25
Rent	40	40	_____	_____
Interest paid on loans	20	25	_____	40
EXPENDITURE TOTAL	_____	_____	_____	_____
END OF MONTH BAL.	_____	_____	_____	_____

- Notes: - Rent is constant for all months concerned.
 - Interest paid on loans remains the same for July and August.
 - The electricity bill for July is twice that of September.
 - Salaries & wages amount to Lm100 for the month of September.

(10 marks)

- (d) **Comment** on the **end of month balance** for the months of **August and Sept.** (2 marks)

- (e) What **two** steps can a firm take if it envisages a **cash flow problem**? (4 marks)

3. (a) Define the following terms which are associated with each other:
“man’s insatiable nature”, scarce resources, scale of preference, opportunity cost. (8 marks)
- (b) Countries too are faced with problems of choice and with their limited resources they try to specialise in the production of commodities for which they are best suited. This is known as **“international specialisation”** and it enables a country to take part in **foreign trade**.
 Give **three** benefits of **foreign trade**. (6 marks)
- (c) Examine the following figures:
Visible Trade – exports: Lm20,000 million; imports: Lm23,000 million
Invisible Trade – exports: Lm14,000 m; imports: Lm13,000 m
 Now find:
- (i) The Balance of Trade. (2 marks)
 (ii) The Balance of Payments. (2 marks)
 (iii) Is there a surplus or a deficit in the B-O-P (1 mark)
 (iv) If there is a deficit, what measures may be taken to overcome or minimise it? Choose your answer from : decrease in exports, import controls, or appreciation of the currency. (1 mark)
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SECTION C

Write a short paragraph (about ten lines), on any **FOUR** of the following:

- (a) Depreciation – an expense.
 (b) Location of Industry.
 (c) Transport – an essential tool for business.
 (d) The Marketing Mix.
 (e) Centralisation and Delegation of Authority.
 (f) Tertiary production.

(20 marks)

SECTION D

Write a short essay on **ONE** of the following:

- (a) Monopoly versus Competition.
 (b) Every choice has its private costs/benefits and external costs/benefits. Discuss.
 (c) Persuasive advertising uses “hidden persuaders” to promote demand. Explain what hidden persuaders are and comment on this statement.
 (d) The Interview.

(20 marks)