

JUNIOR LYCEUMS ANNUAL EXAMINATIONS 2002
Educational Assessment Unit – Education Division

FORM 5

BUSINESS STUDIES

TIME: 1hr 45min

Name: _____

Class: _____

SECTION A: ANSWER ALL QUESTIONS

Underline the correct answer

1. A **night-safe** provides businessmen with the facility of:
 - (a) safe-keeping of valuables in a secure box in the bank's vault
 - (b) posting money in safes built into the outside wall of a bank when the bank is closed
 - (c) safeguarding foreign currency when customers are abroad.

2. If one chooses to buy an expensive car, the **private costs** could be:
 - (a) failure to be able to buy another costly item
 - (b) the satisfaction obtained from this kind of purchase
 - (c) the ability to travel on one's own without depending on others

3. Some **advantages of e-Commerce** are:
 - (a) 24-hour service, no need to travel, no queues
 - (b) home delivery, easy return of goods bought, need for a parking space
 - (c) worldwide service, information on line on product's use, can try goods before delivery

4. **Depreciation** of assets refers to:
 - (a) bad debts
 - (b) an increase in the value of the asset
 - (c) a reduction in the value of an asset over a period of time

5. The **objectives of a business** could be:
 - (a) profit, decreasing revenue, increasing costs, customer care
 - (b) profit, survival, growth, customer satisfaction
 - (c) profit, piece rate, decreasing share of the market, social services

6. State which of the following is a feature of a **controlled economy**:
 - (a) the factors of production are privately owned.
 - (b) there are private and public enterprises
 - (c) the state decides what the community needs.

7. Which of the following is a **disadvantage of a large enterprise**?
 - (a) labour-saving machinery can be used economically
 - (b) lines of internal communication can be complex
 - (c) more capital is available

8. For which factor of production is profit the reward?
 (a) land
 (b) capital
 (c) entrepreneur
9. State which one of the following is incorrect in relation to the Stock Exchange.
 (a) it enables private companies to have their shares traded
 (b) it sometimes helps in the new issue of shares
 (c) it protects investors from fraud
10. Which of the following is *not* an invisible trade item?
 (a) insurance
 (b) tourism
 (c) machinery
- (20 marks)

SECTION B: Answer this question on the foolscaps provided

1. Below is a Profit and Loss Account relating to Mr. Butler's business. Some of the figures have been left out. Examine the account and then answer the questions.

Mr. Butler		
Profit and Loss Account for year ended 31 st July 2000		
	Lm	Lm
Sales		10,000
Less Returns In		<u>2,700</u>
		7,300
Opening Stock	X	
Purchases	<u>4,500</u>	
	4,800	
Closing Stock	<u>900</u>	
		<u>3,900</u>
		Y
<i>Less Expenses:</i>		
Wages	900	
Interest paid	200	
Advertising	300	
Office expenses	150	
Telephone bills	220	
Carriage out	160	
Power	<u>210</u>	
		<u>2,140</u>
		Z

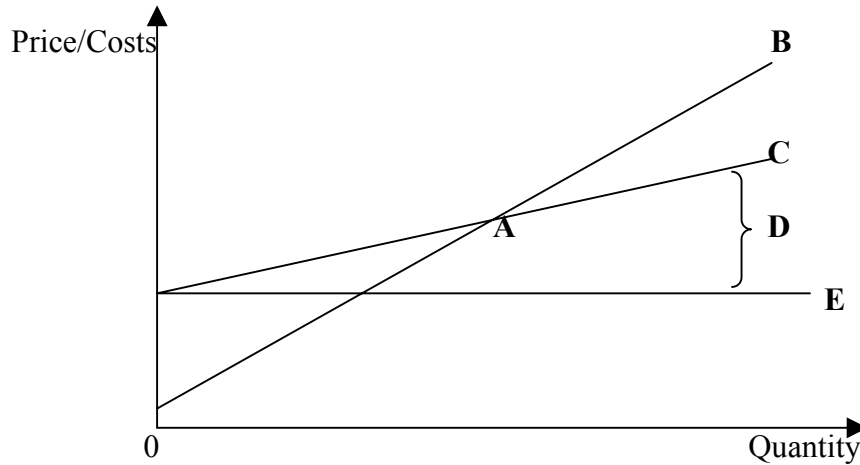
- (a) Give the values of **X**, **Y** and **Z** on your foolscap, showing your working. (3 marks)
- (b) From the profit and loss account, state the value of the **cost of goods sold**. (2 marks)
- (c) What is the meaning of the following items found in the account:
- (i) **Returns In** (1 marks)
- (ii) **Carriage Out** (1 marks)

- (d) List **two** other items that could be considered as **expenses**. (2 marks)
- (e) Distinguish between **Gross Profit** and **Net Profit**. (2 marks)
- (f) The profit and loss account is sometimes made up of the Trading Account and the Appropriation Account. Describe what is **shown** and **calculated** in the **Appropriation Account**. (3 marks)
- (g) Mention at least **three categories of people** who are interested in looking at the final accounts, to see how well a business is doing in a particular year. (3 marks)
- (h) Explain what is meant by **auditors** and state why the auditing of accounts is necessary. (3 marks)

SECTION C: Answer any TWO (2) questions from this section

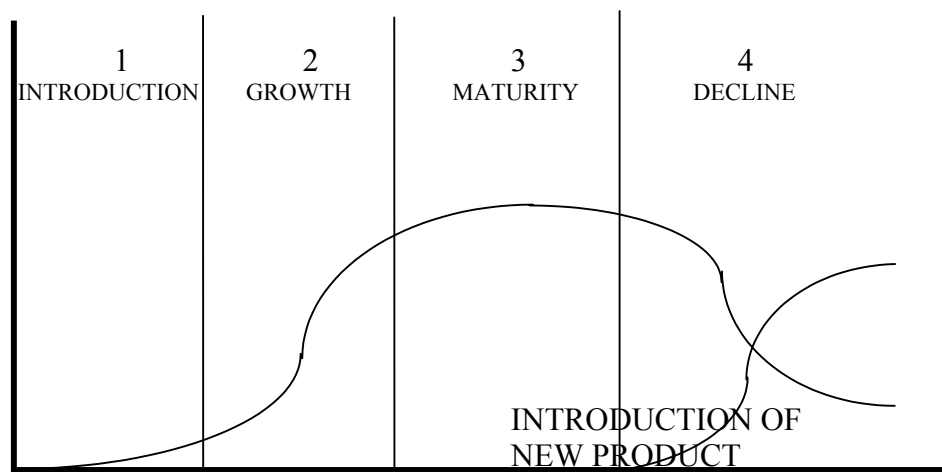
1. One of the departments in a particular company is going through the employees' records to collect data on employees terminating their job and the reason why they have ended their work. The data collected showed a total of 20 resignations in a year, 2 redundant employees and 15 retirements. Having read the above, you are now required to answer the following questions:
- (a) Which department normally keeps records of the firm's employees? (1 mark)
 - (b) Give two reasons why a firm makes people redundant. (4 marks)
 - (c) People also retire for either of two specific reasons. Can you list these two reasons? (4 marks)
 - (d) The rate of resignations referred to above shows that the firm is experiencing a high rate of **labour turnover**.
 - (i) What does **labour turnover** mean? (2 marks)
 - (ii) Suggest two possible reasons why there would be a high rate of **labour turnover**. (4 marks)
 - (e) **Dismissal** is also a reason for termination of employment. By giving an example to illustrate your answer, show what is meant by **dismissal**. (2 marks)
 - (f) An **unfair dismissal** could lead the employee to seek help from a Trade Union.
 - (i) The trade union might find it necessary to put the case in front of an **industrial tribunal**. What is this **industrial tribunal**? (2 marks)
 - (ii) Give another instance when the advice or help of a trade union might be sought. (1 mark)

2.



- (a) Look at the above break-even graph and match the letter **A, B, C, D, E** with the following terms: **Fixed Costs, Total Revenue, Total Costs, Break-even point, Variable costs.** (5 marks)
- (b) What is meant by the **break-even point**? (2 marks)
- (c) Why do firms need to carry out **break-even analysis**? (2 marks)
- (d) Explain the **meaning** of **fixed costs** and give **two examples**. (4 marks)
- (e) On the diagram given above shade and mark the area where the firm is making:
- profit**
 - loss**
- (f) Another kind of cost is **unit cost**. Show how this unit cost is arrived at. (2 marks)
- (g) Unit cost may decrease due to **economies of scale**.
- What is meant by **economies of scale**? (2 marks)
 - What is the opposite of **economies of scale**? (1 mark)

3.



Most products have a life cycle similar to that shown by this graph. The production and marketing sections of the firm have to be aware of the position of products in

their life cycle in order to maximise profits, and to plan the introduction of replacement products at the appropriate time.

- (a) What is meant by 'product life cycle'? (2 marks)
- (b) At what stage in the product life cycle is marketing at its maximum level? (2 marks)
- (c) Why is it important for both the production and marketing departments to be aware of the position of their products in the life cycle? (4 marks)
- (d) Compare the functions of the production and marketing sections of a large organisation. (4 marks)
- (e) When is the most appropriate time in the product life cycle:
 - (i) to begin new product development? (2 marks)
 - (ii) to introduce the new product? (2 marks)
- (f) What can a firm do instead of developing a new product once a product has reached its maturity stage? (2 marks)
- (g) Why may the decline stage occur? (2 marks)

SECTION D: Write a short essay on ONE of the following:

1. Using the concept of **division of labour**, individuals are given a fairly simple and repetitive job to do. Comment on the above, highlighting the advantages and disadvantages of **division of labour**.
2. Countries use trade barriers to restrict **free trade** between countries. Comment on these free trade restrictions.
3. Worker-participation.
4. *Communication is a vital aspect in a business.* Explain what is meant by **communication** and highlight the importance of good communication and the problems which could arise to ensure good communication.

20 marks