

JUNIOR LYCEUM ANNUAL EXAMINATIONS 2004

Educational Assessment Unit – Education Division

FORM 5

BUSINESS STUDIES

TIME: 1h 30min

Name: _____

Class: _____

SECTION A: ANSWER ALL QUESTIONS

Put the letter corresponding to the right answer, in the box provided at the end of each question.

Each question carries 2 marks, giving a total of 20 marks for the whole Section.

1. The **secondary stage of production** can be associated with:

- (a) manufacturing, processing, constructing and refining.
- (b) assembling, wholesaling, retailing and delivering.
- (c) building, manufacturing, extracting and insuring.

2. In a **free-market economy** the degree of **choice** for consumers is:

- (a) low .
- (b) high.
- (c) moderate.

3. It would be **advisable** to have a **Partnership Agreement** in order to:

- (a) avoid future disputes.
- (b) make profit.
- (c) conform to regulations.

4. The **Personnel Manager** always **consults his subordinates** for **feedback**.

This leadership style can be described as:

- (a) autocratic.
- (b) laissez-faire.
- (c) democratic.

5. A **Public Limited Company** needs to make a **major decision on Company Policy**.

Responsibility falls on the:

- (a) General Manager.
- (b) Board of Directors.
- (c) Minister.

6. **Effective communication** is achieved when the **message** is:

- (a) specific, intensive and irregular.
- (b) motivating, exact and downward.
- (c) clear, correct and concise.

☐

7. During an interview, the **interviewee** would be **at an advantage** if he/she:

- (a) answers briefly to questions asked.
- (b) keeps up a conversation.
- (c) replies with a "yes" or "no" answer.

☐

8. **Competition between firms** is **more evident** when the **country's tendency** is to:

- (a) privatise businesses.
- (b) nationalise businesses.
- (c) liquidate businesses.

☐

9. The term "**public relations**" refers to **the extent to which**:

- (a) the business promotes its products.
- (b) employees' and employers' relations are safeguarded.
- (c) the public has a good impression of a business.

☐

10. **Decentralisation implies** that there is:

- (a) no chain of command.
- (b) concentration of authority.
- (c) delegation of authority.

☐

SECTION B: Answer this question, with all its sub-divisions, (a) up to (g), on the foolscaps provided.

This Section carries a total of 20 marks.

The following is the Trading and Profit & Loss Account of Richard Borg, for the year ended 31st December 2002.

Richard Borg
Trading and Profit & Loss A/c for the year ended 31 December 2002

	Lm	Lm
Sales		254,246
Cost of Sales:		
Opening Stock	15,654	
Purchases	<u> X </u>	
	149,757	
Closing Stock	<u>17,750</u>	
		<u>132,007</u>
GROSS PROFIT		122,239
<u>Less Expenses:</u>		
Salaries & Wages	40,529	
Rent & Insurances	19,418	
Heating & Lighting	12,370	
Transport Costs	4,562	
Advertising	5,980	
Postage, Stationery and Telephone	2,410	
Depreciation: Machinery	12,074	
Motor Vehicles	<u>2,529</u>	
		<u>99,872</u>
NET PROFIT		<u><u> Y </u></u>

- (a) With **what type of business** would you associate the above P & L account? **Give a reason** for your answer. (2 marks)
- (b) **Calculate** figures **X** and **Y**, relating to **Purchases** and the **Net Profit**, respectively. (2 marks)
- (c) **What term** is used to describe **the figure Lm132,007** in the above Account? (2 marks)
- (d) **Define** the term **“Depreciation”**. (2 marks)
- (e) What is the difference between **capital expenditure** and **revenue expenditure**? Give **one example** of each. (6 marks)
- (f) In the above P & L account, there are included transport costs, advertising costs, postage, stationery and depreciation of machinery, but **not purchase of machinery**. **Explain why this is always so**. (4 marks)
- (g) **Calculate** the **Gross Profit Margin** or **Gross Profit as a percentage of sales**. (Give your answer **correct to two decimal places**). (2 marks)

SECTION C: Answer any two (2) Questions (with all their respective sub-divisions), on the foolscaps provided.

Each question carries a total of 20 marks, giving a total of 40 marks for the whole Section.

Case Study 1

To answer the questions in respect of this case study, first read the text in the box below.

Ms. Gauci is one of the officers in the Human Resources Department. One of her duties involves orienting new recruits to the factory where she works. Recently, she had to welcome a young lady who would be working in the Purchasing Section of the firm. This young lady had been recommended for work by the E.T.C.



- (a) As an officer in the Human Resources Department, Ms. Gauci would have quite a number of other duties, apart from orienting new recruits to the factory. **List and elaborate on two (2) other duties typical of a Human Resources Department.** (4 marks)
- (b) A student who never studied Business Studies finds it hard to understand the meaning of “**new recruits**”. Could you help by **explaining** this term clearly? (2 marks)
- (c) Ms. Gauci warned the young lady that when purchasing anything for the factory, she should be aware of certain points relating to the **choice of a supplier**. **Write down two (2) things** that the Purchasing Officer has the duty to be aware of, in the **choice of a supplier**. (4 marks)
- (d) Besides buying raw materials for the factory, **name two (2) other items** that could possibly be **bought by the Purchasing Officer**. (2 marks)
- (e) For an organisation to function efficiently, there has to be good co-ordination between the different sections of the firm. Mention **two (2) other departments** with which the Purchasing Department should work in close contact, **giving reasons** why this contact should be maintained. (4 marks)
- (f) E.T.C. is one of the Maltese organisations which offers various services to employers and potential employees. **State what E.T.C. stands for** and **list three functions** of this organisation. (4 marks)

Case Study 2

Read the following extract from a local newspaper and then answer the questions that follow.

Leading Edge Technology at Examinations Department

E-Government and the recently launched m-Government have brought about leaps in the quality of services being offered by government departments. Numerous services, which up till a few years ago were only accessible by physically visiting the respective department, can now be accessed over the Internet and mobile phone.

One government department which has made immense progress to ensure that its services are available over the information superhighway and mobile communication, is the Examinations Department. With a client base made up of thousands of students in various age brackets, this department has geared itself to embrace leading edge technology in an effort to offer customised online services for all its clients.

Sunday Times - 24th August, 2003

- (a) What do you understand by **E-Government** and **m-Government**? (4 marks)
- (b) Mention **two (2) types of services** that the Examinations Department gives to its clients, **using the media of communication referred to in the extract.** (4 marks)
- (c) In the above extract, the Examinations Department is mentioned as one of the departments "to embrace leading edge technology". Give **two (2) advantages of using modern technology in the process of communication.** (4 marks)
- (d) Businesses work in a constant changing environment. **State any two (2) possible reasons why potential users of the system adopted by the Examinations Department would resist the change to this new type of technological development.** (4 marks)
- (e) Which are the **four (4) essential ingredients** in any **communication process**? (4 marks)

Case Study 3

Read the text in the box below and then answer the questions that follow.

A private firm proposed that a particular area of a country be developed into a recreational area. The same private firm however, has recently changed its plans and decided to utilise the area for building a car park.

- (a) The choice between utilising the area concerned for recreational activities or for developing a car park, has now been made, in favour of the latter. What is the "**opportunity cost**" of this decision? (2 marks)
- (b) The building of a car park presents a number of **private benefits/costs** to the **firm** concerned. At the same time, the **local community** faces a number of **social benefits/costs**. Write down **one (1) example** of each of the following:
- **Private Benefit to the firm**
 - **Private Cost to the firm**
 - **Social Benefit to the local community**
 - **Social Cost to the local community**
- (8 marks)
- (c) If a group of residents from the local community decide to unite and try to stop the development of the area concerned into a car park, **what would such a group be called?** (2 marks)
- (d) **List four (4) possible actions** which can be adopted **by the group of locals** concerned, **in order to achieve their cause.** (4 marks)
- (e) Mention **two (2) Business Objectives** that the **private firm** would have in the building of this car park. (2 marks)
- (f) Besides business objectives, the private firm should bear in mind and observe certain **ethical issues**. By **giving an example**, state **what ethical issues are all about.** (2 marks)

SECTION D: Write a short essay on ONE (1) of the suggested titles below. Be sure to answer all questions related to the essay you have chosen!
Each title carries a total of 20 marks. Two (2) marks will be allotted for a well-presented essay, in each case below.

1. “Every business organisation needs to draw up a budget.”

- a) What is a budget? (4 marks)
 - b) Mention different types of budgets. (4 marks)
 - c) How is a budget formed? (4 marks)
 - d) Elaborate on the importance of a budget. (6 marks)
- + (2 marks)

OR

2. “Before deciding where to locate its business premises, any business organisation has to consider certain factors.”

- a) What is Location of Business? (2 marks)
 - b) A variety of factors influence this decision. Mention at least two factors. (2 marks)
 - c) Describe the different points one has to bear in mind when deciding on the location of its business. (10 marks)
 - d) How can government influence business location? (4 marks)
- +(2 marks)

OR

3. Why is it beneficial for workers to join a Trade Union?

- a) What is a “Trade Union”? (2 marks)
 - b) Mention different types of Trade Unions and give two (2) examples of Maltese Trade Unions. (4 marks)
 - c) How does a Trade Union help its members? (8 marks)
 - d) What industrial actions can a Trade Union use in an industrial dispute? (4 marks)
- +(2 marks)

OR

4. “International Trade is essential for every country. In spite of this, governments may restrict foreign trade.”

- a) What does international or foreign trade entail? (2 marks)
 - b) Why do countries indulge in foreign trade? (6 marks)
 - c) How do governments restrict foreign trade? (6 marks)
 - d) Why do governments restrict foreign trade? (4 marks)
- + (2 marks)