

JUNIOR LYCEUM ANNUAL EXAMINATIONS 2005

Educational Assessment Unit – Education Division

FORM 3

BUSINESS STUDIES

TIME: 1h 30min

Name: _____

Class: _____

Answer ALL sections

SECTION A (10 marks)

Answer *all* questions in this section.

Tick the correct answer in the space provided.

1. Which of the following is correct?

- (a) All wants are needs.
- (b) All needs are wants.
- (c) Wants cannot be needs.

2. A difference between goods and services is that

- (a) goods have physical existence while services do not.
- (b) goods can be aimed for other firms while services cannot.
- (c) services are non-durable while goods can only be durable.

3. Which of the following is not considered as a resource in the business environment?

- (a) mental labour
- (b) machinery
- (c) fame

4. Which of the following form part of the primary stage of production?

- (a) farming, fishing, woodcutting
- (b) mining, oil drilling, oil refining
- (c) wood processing, carpentry, cement production

5. Which of the following can be considered as aims of business activity?

- (a) political reasons, provision of goods, payment of taxes
- (b) providing services, damaging the environment, exploiting workers
- (c) profits for the owner, satisfaction of people's wants, social reasons

6. In a planned economy

- (a) people do not have wants of their own.
- (b) production decisions are taken by the government.
- (c) the private sector makes plans for the economy.

7. The personnel function deals with matters related to
 (a) staff employed by the firm.
 (b) materials bought by the firm.
 (c) promotion made by the firm.
8. The term **span of control** means
 (a) how authority falls from top to bottom.
 (b) the way that work is delegated to other persons.
 (c) the limit to how many people someone can control.
9. Communication may take place in order to
 (a) persuade others, obtain information, create new occupations.
 (b) instruct workers, obtain feedback, improve technology.
 (c) pass factual information, put forward opinions, negotiate.
10. The finance department of a firm is usually
 (a) responsible for the quality of production.
 (b) controlled by a qualified accountant.
 (c) controlled by the bank used by the firm.

SECTION B *(20 marks)*

Answer all questions in this section on the foolscap provided.
All questions carry 2 marks each.

Explain the following pairs of terms, bringing out the difference between each of the terms.

1. **Skilled labour and unskilled labour.**
2. **Articles of Association and Memorandum of Association.**
3. **Centralisation and decentralisation.**
4. **Written communication and verbal communication.**
5. **Costs and revenues.**
6. **Job production and flow production.**
7. **Patent and copyright.**
8. **Direct production and indirect production.**
9. **A consumer co-operative and a producer co-operative.**
10. **Periodic inventory and permanent inventory.**

SECTION C
(40 marks)

Answer *both* questions in this section on the foolscap provided. Both questions carry 20 marks each.

1. Mr Vella owns a firm which buys foodstuffs from different local producers and importers and then supplies to a large number of grocers and supermarkets around Malta. Consumers, then, buy from these shops.
 - (a) How are firms like Mr Vella's called? (1 mark)
 - (b) What is the technical term given to business operators who sell to consumers? (1 mark)
 - (c) Mention three (3) functions of such business operators referred to in (b) above. (6 marks)
 - (d) Mention three (3) functions of firms like Mr Vella's. (6 marks)
 - (e) Mention two (2) advantages that a shop owner gains from dealing with a firm like that of Mr Vella. (2 marks)
 - (f) Mention two (2) advantages that a producer gains from dealing with a firm like that of Mr Vella. (2 marks)
 - (g) Besides shops and supermarkets, mention two (2) other forms of outlets and means through which consumers can buy. (2 marks)
2. James Galea is the general manager in a steel company. He controls all the decisions taken within the firm and exerts strict control on supervisors and workers. Supervisors and assistant managers are not allowed to take decisions or to participate in the decision-making process. Alfred Saliba is the managing director in another similar firm. He believes that the staff can be encouraged to take responsibility and are able to impose self-discipline, although supervision and control still have to be maintained. He involves supervisors and assistant managers in decision-making and considers the workers' views.
 - (a) What type of manager is James Galea? (1 mark)
 - (b) What type of manager is Alfred Saliba? (1 mark)
 - (c) Mention and explain another management style. (3 marks)
 - (d) Of the three methods of management (the two indicated in the passage and the one you mentioned in question c) which method should be preferred? Give three (3) reasons for your answer. (7 marks)
 - (e) Say which management style is likely to use:
 - (i) one-way communication;
 - (ii) two-way communication;
 - (iii) little communication.(3 marks)
 - (f) Abraham H Maslow argued that individuals have a pyramid or hierarchy of needs. Draw this pyramid and label the different levels. (3 marks)
 - (g) Under which management style is a worker most likely to reach the highest level in the pyramid of needs? Give one (1) reason for your answer. (2 marks)

SECTION D

(10 marks)

Answer all parts in this section on the foolscap provided.

- (a) Mr Hector Xuereb is the managing director of a firm. There are six managers reporting directly to him: the Human Resources Manager, the Marketing Manager, the Research and Development Manager, the Chief Accountant, the Purchasing Officer and the Production Manager. Each of these managers is responsible for his/her particular department.

Required:

Draw the organisation chart of this firm.

(5 marks)

- (b) The marketing department is split into four sections: Advertising and Promotion, Public Relations, Sales, and Transport and Distribution. Each section is controlled by an assistant manager under whom there is the required staff: promotion designers in the advertising and promotion section, public relations staff in the public relations section, sales persons in the sales section, and drivers in the transport and distribution section.

Required:

Draw the organisation chart for the marketing department **only** showing clearly the line management of this department. (5 marks)

SECTION E

(20 marks)

Choose one of the following topics and answer **all** parts that follow on the foolscap. Each topic carries 20 marks.

1. (a) Write about the characteristics of the following types of business organisation:
 - (i) a sole trader
 - (ii) a partnership
 - (iii) a limited liability company(12 marks)
(b) Explain the main differences between a public limited company and a private limited company. (8 marks)
2. (a) Explain the following services and facilities offered by commercial banks:
 - (i) savings account
 - (ii) current account
 - (iii) bank loans
 - (iv) transfer of funds
 - (v) exchange of currency(15 marks)
(b) Write notes about:
 - (i) direct debit
 - (ii) standing orders
 - (iii) credit transfer(2 marks)
(2 marks)
(1 mark)
3. (a) What is the role of the purchasing department? (4 marks)
(b) What do you understand by the term **stock control**? (2 marks)
(c) Explain the following terms in relation to purchasing and stock control:
 - (i) just-in-time (JIT)
 - (ii) first-in first-out (FIFO)
 - (iii) maximum stock level
 - (iv) minimum stock level
 - (v) re-order level
 - (vi) stock record card
 - (vii) bar code.(14 marks)

THE END