

JUNIOR LYCEUM ANNUAL EXAMINATIONS 2006
Educational Assessment Unit – Education Division

FORM 3	BUSINESS STUDIES	TIME: 1hr 30 min
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Name: _____

Class: _____

ANSWER ALL SECTIONS

SECTION A
(20 marks)

Answer *all* questions in this section.
Tick the correct answer in the space provided.

1. In Business Studies we study how
 - (a) different firms try to evade taxation due to the state. ☐
 - (b) different activities may be related to each other. ☐
 - (c) we can become rich in a very short period of time. ☐

2. Business activities should aim to
 - (a) satisfy people's wants and earn profit for business owners. ☐
 - (b) cheat the government in favour of business owners. ☐
 - (c) make profit for the owners at the expense of the customers. ☐

3. The six basic business functions
 - (a) are the only functions that could exist in an organisation. ☐
 - (b) are only used by very large multinational organisations. ☐
 - (c) include the finance, marketing and production functions. ☐

4. An organisation chart shows
 - (a) the telephone extension of each department. ☐
 - (b) how promotions may be obtained within a firm. ☐
 - (c) how each part of a firm is connected to other parts. ☐

5. In a communication process, the message
 - (a) may contain instructions, opinions or factual information. ☐
 - (b) must be in a recognised and accepted international language. ☐
 - (c) must always be sent by the management to the employees. ☐

6. In a typical product-life-cycle
- (a) sales are high and there will be profits in the introduction stage. ☐
 - (b) sales are low while there may be losses in the introduction stage. ☐
 - (c) sales are high and there may be losses in the introduction stage. ☐
7. The purchasing department is responsible to
- (a) buy the materials required by the firm from suitably selected suppliers. ☐
 - (b) decide what the firm is to produce and then buy the required materials. ☐
 - (c) choose suppliers and then purchase from them what they can supply. ☐
8. The following may be among the factors which an organisation takes into account when deciding on its location
- (a) availability of land, transport facilities, the currency used. ☐
 - (b) nearness to the market, nearness to suppliers, dialect used. ☐
 - (c) supply of labour, cost of land, availability of resources. ☐
9. The copyright is
- (a) the right to copy any material which has been published. ☐
 - (b) the right to make copies of videos, DVDs, CDs and books. ☐
 - (c) the legal protection of written and published material. ☐
10. A pie chart does not show
- (a) the percentages of the different elements. ☐
 - (b) the quantities of the different elements. ☐
 - (c) the relative sizes of the different elements. ☐

SECTION B

(20 marks)

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

1. Write a short definition of:
 - (a) direct production
 - (b) indirect production.
2. Explain the *main* difference between a good and a service.

3. What is the *main* difference between a free market economy and a centrally planned economy.
4. What do you understand by:
 - (a) a consumer co-operative
 - (b) a producer co-operative?
5. Define
 - (a) line management, and
 - (b) chain of command.
6. Explain briefly what is
 - (a) an application form, and
 - (b) a CV (curriculum vitae).
7. Explain the meaning of:
 - (a) structural unemployment, and
 - (b) frictional unemployment.
8. Give a brief definition of:
 - (a) job description, and
 - (b) job specification.
9. What is the *main* difference between a bank loan and a bank overdraft?
10. Differentiate between
 - (a) primary research, and
 - (b) secondary research.

SECTION C (40 marks)

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

Read carefully each paragraph given and then answer the questions related to each.

1. John works as a store-keeper with a local firm. He keeps records of all stock items manually on bin cards. He also records receipts and issues of stocks on his computer. When the stock level reaches the re-order level he informs the purchasing department. He continuously supplies workshops with the necessary materials. He also has to see that stock levels are between the minimum stock level and the maximum stock level.
 - (a) Explain the meaning of:
 - (i) stock record card
 - (ii) re-order level
 - (iii) minimum stock level
 - (iv) maximum stock level

(4 marks)
 - (b) What feature on stock and material items may help John to record stock items electronically? Give a brief description of this feature.

(2 marks)

- (c) Explain the importance of the following in stock control:
- (i) re-order level
 - (ii) minimum stock level
 - (iii) maximum stock level
- (6 marks)**
- (d) What do you understand by:
- (i) JIT (just-in-time)
 - (ii) overstocking
 - (iii) understocking
 - (iv) periodic stock control?
- (4 marks)**
- (e) Mention and explain briefly two (2) characteristics of a good supplier.
- (4 marks)**

2. The General Manager of a particular firm is rarely seen by the employees. Once a month he holds a meeting with all the managers heading the different departments in the firm. All information to the lower levels of employees is given by means of notices on the notice boards in the different departments.

- (a) What means of communication is usually used by this General Manager with the employees?
- (1 mark)**
- (b) What kind of communication is used between the General Manager and the other managers?
- (1 mark)**
- (c) In your opinion, is the communication method used with the employees:
- (i) downward or upward; and
 - (ii) two-way or one-way?

Explain your answer.

(6 marks)

- (c) According to the information you can get from the passage, for what reason does the manager communicate with the workers? Explain your answer.
- (4 marks)**

- (e) Besides the methods used by this manager, mention and explain two (2) other methods of communication which people might use.
- (4 marks)**

- (f) Mention two (2) tools or equipment which can be used in communication and say how each can help to improve the communication process.
- (4 marks)**

SECTION D
(20 marks)

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

1. The largest form of a business organisation in the private sector is the limited liability company.

- (a) What does the term “limited liability” mean? **(2 marks)**
- (b) How does limited liability attract people to invest in such a business? **(2 marks)**
- (c) Mention two (2) different types of shares. **(2 marks)**
- (d) Mention two important documents a company has to prepare on applying to become a limited liability company. Briefly explain what is the difference between the two documents. **(4 marks)**
- (e) What is a certificate of incorporation and who issues this certificate? **(3 marks)**
- (f) What is a trading certificate and to which type of company is it issued? **(3 marks)**
- (g) What is the main difference between a public limited company and a private limited company? **(4 marks)**

2. Banks are major financial institutions in any developed economy.

- (a) Mention and explain four (4) services which banks give to businesses and society as a whole. **(8 marks)**
- (b) Clearly explain the following in respect to the operations of a bank:
 - (i) credit card
 - (ii) debit card
 - (iii) current account
 - (iv) savings account
 - (v) fixed deposit account
 - (vi) standing order. **(12 marks)**

3. The market is made up of consumers who create demand for goods and services and of producers who produce and supply goods and services.

(a) Define: (i) demand, and

(ii) supply.

(2 marks)

(b) Mention a determinant of demand.

(1 mark)

(c) Mention a determinant of supply.

(1 mark)

(d) What do you understand by the terms:

(i) market equilibrium

(ii) market surplus

(iii) market shortage?

(6 marks)

(e) The following are the demand and supply schedules of ice-creams per week:

<u>Price</u>	<u>Quantity Demanded</u>	<u>Quantity Supplied</u>
20c	4,500	500
25c	4,000	1,000
30c	3,500	1,500
35c	3,000	2,000
40c	2,500	2,500
45c	2,000	3,000
50c	1,500	3,500
55c	1,000	4,000
60c	500	4,500
65c	0	5,000

On the graph paper provided, draw a fully labelled diagram, showing the demand and supply curves, the equilibrium quantity and the equilibrium price.

(10 marks)

THE END