

JUNIOR LYCEUM ANNUAL EXAMINATIONS 2006

Educational Assessment Unit – Education Division

FORM 4

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. By means of the process of **Division of Labour**, production:

- (a) is of a better quality and unique
- (b) increases at reduced cost per unit
- (c) becomes less automated

2. The reason behind **locating an export-oriented firm next to a port** is to:

- (a) have advantages of concentration of industry
- (b) avoid excessive breakages of merchandise
- (c) reduce transport costs

3. The main benefit of indulging in a **franchise agreement** is to have:

- (a) a ready-made market
- (b) to make royalty payments
- (c) more franchisers to help out in the business

4. The **Maltese economy** is undergoing a number of **changes** including:

- (a) more nationalisation of industries
- (b) more privatisation of businesses
- (c) less decentralisation

5. **Progressive taxes** refer to instances where tax:

- (a) increases as income increases
- (b) decreases as income increases
- (c) is collected indirectly

6. **Money spent on fixed assets** that will remain in the business for long is referred to as:

- (a) recurrent expenditure
- (b) revenue expenditure
- (c) capital expenditure

7. The **Malta Stock Exchange** is the:

- (a) regulator of the financial markets
- (b) operator and regulator of the market
- (c) operator in the financial market

8. Which **rate of pay** would you choose to apply to your employees if you wish them **to increase production**?

- (a) flat rate
- (b) piece rate
- (c) time rate

9. The **aims of Economic Policy** are amongst others to achieve:

- (a) an increased cost of living & more employment
- (b) high employment & stable price level
- (c) increased fiscal policy & a fall in the rate of interest

10. A good manager would observe **body language** during a conversation with his subordinates because:

- (a) in itself, this is a form of feedback
- (b) this would be a verbal way of expression
- (c) the transmitter would be making facial expressions

SECTION B: ANSWER ALL THE QUESTIONS IN THIS SECTION.

ALL QUESTIONS ARE TO BE ANSWERED ON THE FOOLSCAPS PROVIDED.

This Section carries a total of 60 marks.

• **Case Study 1**

Read the following extract to answer the questions relating to it.

*In an argument between two businessmen, A (the first businessman) is stressing that a business must be expanded through **mergers** so that it would benefit from **economies of scale**. Businessman B however, is maintaining that he'd rather have a small business because it will still survive and will not suffer from **diseconomies of scale**.*

- a. Explain the three (3) terms in bold lettering. (6 marks)
- b. Besides “Growth”, mention four (4) other objectives of business. (4 marks)
- c. Both businessmen have good reasons why they are arguing in this way. If you were involved in this conversation, what would have been your ideas and with whom would you side? Give reasons for your answer. (4 marks)
- d. Examine the examples of business growth listed below and in each case state what type of integration they have undergone. The first one is an example to help you:

Type of Business	Type of Business	Direction of Growth
Tea Manufacturer	Tea Plantation	Backward Vertical Integration
A printer	Bookshop	
An accountant	Accountant	
Brewery	Hop/Cereal Grower	
Cosmetics Manufacturer	Travel Agency	
Real Estate Agency	Quarry Owners	
A hairdresser	A hairstylist	

(6 marks)

The “Main Indicators Table” printed below is to be used with both Case Study 2 and Case Study 3 of Section B.

Main Indicators							
			2000	2001	2002	2003	2004
1	Maltese population at end of year	number	381,223	383,866	385,941	388,867	390,313
2	Average total population	number	389,962	393,095	395,933	398,466	401,222
3	Tourist arrivals	number	1,215,713	1,180,145	1,133,814	1,089,089	1,127,407
4	Days stayed by tourists	number	10,266,188	11,066,813	10,599,206	11,115,203	10,973,396
5	Cruise passengers	number	170,782	259,390	341,632	389,456	291,821
6	Full-time gainfully occupied at end of year	number	136,828	137,452	137,321	136,234	137,402
7	Full-time self-employed at end of year	number	15,421	15,296	15,480	15,654	16,025
8	Full-time employees at end of year	number	121,407	122,156	121,841	120,580	121,377
9	Registered unemployed at end of year	number	7,188	7,433	7,516	8,175	8,125
10	Imports of goods and services	Lm '000	1,740,099	1,487,633	1,473,608	1,517,883	1,548,875
11	Exports of goods and services	Lm '000	1,572,823	1,419,830	1,492,598	1,419,565	1,406,309
12	Deposits with all banking institutions by residents	Lm '000	2,163,356	2,351,751	2,620,801	2,683,625	n/a
13	Deposits with all banking institutions by non-residents	Lm '000	1,118,099	946,220	908,426	905,119	n/a
14	Public debt at end of year - foreign loans	Lm '000	39,250	40,378	45,100	114,462	112,400
15	Public debt at end of year - local loans	Lm '000	885,716	972,313	1,031,861	1,145,315	1,237,708
16	Average exchange rate for the Lm against the US\$	US\$	2.2855	2.2226	2.3100	2.6543	2.9061
17	Average exchange rate for the Lm against the Euro	Euro	2.4741	2.4815	2.4468	2.3470	2.3368
18	Inflation rate	%	2.37	2.93	2.19	1.30	2.79
19	Unemployment rate	%	5.0	5.1	5.2	5.7	5.6
20	Gross domestic product at market prices per head	Lm	4,278	4,310	4,399	4,508	4,622
21	Real GDP per head at 2000 prices	Lm	4,278	4,171	4,232	4,130	4,163
22	Gross national income at market prices per head	Lm	4,142	4,338	4,405	4,547	4,564
23	GDP at market prices - growth rates	%	0.4	1.6	2.8	3.1	3.2
24	Real GDP at market prices - growth rates	%	6.4	-1.7	2.2	-1.8	1.5

Sources: National Statistics Office unless otherwise indicated in the notes below.

Notes:

12, 13, 16, and 17: Quarterly Review, Central Bank of Malta

14 and 15: Financial Report, The Treasury

20 to 22: Aggregates are divided by the average total population.

- **Case Study 2**

Examine the “Main Indicators” table printed on the previous page and then answer the questions that follow hereunder.

- a. The table shows important statistics relating to the Maltese Islands. Give two reasons why a businessman would be interested in analysing such statistics. (2 marks)
- b. From the table given, mention two main indicators that Trade Unionists would consider as very important in relation to their work. Give reasons for your choice. (4 marks)
- c. What do you understand by indicator 6, that is, “full-time gainfully occupied at the end of year”? (2 marks)
- d. Mention two determinants of the labour supply and from the statistics given, approximate the labour supply for 2004. (6 marks)
- e. Petra is presently unemployed because she resigned from her former job to find work with better pay and conditions. Karl is also registering unemployed. He used to work in the textile industry but this industry is on the decline in his country as a result of changes in the economy. State the type of unemployment in relation to the case of:
 - (i) Petra;
 - (ii) Karl.(4 marks)
- f. Main Indicator 3 regards tourist arrivals in Malta. How would this factor influence employment in Malta? (2 marks)

- **Case Study 3**

To answer the questions of case study 3, refer once more to the “Main Indicators” table presented on the previous page.

- a. Using main indicators 10 and 11, relating to imports/exports of goods and services, work out the Balance of Payments for the last two years given (2003, 2004). Comment on your result. (6 marks)
- b. Exporters of goods and services face a number of difficulties/problems in order to carry out their business successfully. Describe three (3) major difficulties they could meet with. (6 marks)
- c. Using main indicator number 23, relating to the GDP (Gross Domestic Product) at market prices – growth rates, construct a line graph on the graph paper provided, to show the percentage growth rate for the years 2000 to 2004. (8 marks)

SECTION C: CHOOSE ONE (1) OF THE FOLLOWING TOPICS AND ANSWER THE RELATED QUESTIONS ON THE FOOLSCAPS PROVIDED.

Each topic carries a total of 20 marks.

1. Every business has its responsibilities towards various stakeholders and it has to observe business ethics.

- a. Towards whom does a business have responsibilities and in what way? (Describe at least four – 4 different categories). (8 marks)
- b. What do you understand by “business ethics”? (2 marks)
- c. Describe three (3) different areas/aspects where ethical behaviour comes in. (6 marks)
- d. Why do you think it is advisable for a person involved in business to be responsible and ethical in his/her business activities? (4 marks)

OR

2. In today’s world, the Marketing Function is indispensable for a business.

- a. What do you understand by the term “Marketing”? (2 marks)
- b. Why has this function increased in importance through the ages? (Describe two – 2 aspects). (4 marks)
- c. In a complex (large) business, what different sections or employees would you find within the Marketing Department? (Explain at least four – 4). (8 marks)
- d. Information Technology has helped to carry out the marketing function even better. Describe three (3) purposes of the use of the internet by the personnel at the Marketing Department. (6 marks)

OR

3. There are various ways and organisations which offer different aids to business.

- a. Why would business need aid? (2 marks)
- b. Describe three (3) types of help that government could provide to different businesses. (6 marks)
- c. Aid could also come from non-government organisations. Describe four (4) of these. (8 marks)
- d. Businesses could also cooperate between themselves to help each other. How? (4 marks)