

JUNIOR LYCEUM ANNUAL EXAMINATIONS 2007

Educational Assessment Unit – Education Division

FORM 3

BUSINESS STUDIES

TIME: 1h 30 min

Name: _____

Class: _____

ANSWER ALL SECTIONS

SECTION A

(20 marks)

Answer all questions in this section by ticking the correct answer in the space provided. Each question carries 2 marks.

1. An example of division of labour is when a person produces
 - (a) Furniture goods only
 - (b) All the needs for the family
 - (c) Only a part of a door

2. An engineering firm is an example of the
 - (a) Primary stage of production
 - (b) Secondary stage of production
 - (c) Tertiary stage of production

3. The following are characteristics of a free market economy, except:
 - (a) The private sector decides what to produce according to demand
 - (b) Everyone can decide to take part in an economic activity
 - (c) Continuous government intervention in production decisions

4. The following form part of the private sector of the economy
 - (a) A sole trader, a private limited company, a public limited company
 - (b) A partnership, a producer co-operative, a public corporation
 - (c) A consumer co-operative, a sole trader, a government department

5. The following documents are required by a private limited company
 - (a) Articles of association, certificate of incorporation, trading certificate
 - (b) Memorandum of association, the articles, certificate of incorporation
 - (c) The memorandum, certificate of incorporation, trading certificate

6. Delegation of authority means
- (a) Pass on responsibility to someone else in a lower grade
 - (b) Refusing responsibility of a particular task
 - (c) Passing on responsibility to someone else in a higher grade
7. The purposes of communication may include:
- (a) Passing on orders, organizing a firm's activities, creating regulations
 - (b) Passing on factual information, transfer of knowledge, instructions
 - (c) Implementing regulations, planning the firm's policies, seeking knowledge
8. Frederick Hertzberg's hygiene factors include:
- (a) Working conditions, company policy, wage levels
 - (b) Working conditions, a sense of friendship, company policy
 - (c) Company policy, a sense of friendship, employment laws
9. The Research and Development Department may be responsible to decide
- (a) What to produce, the method to produce , the price to charge
 - (b) What to produce, how to improve a product, who will sell the product
 - (c) The method of production, the material used, which workers to be used
10. A pie chart does not show
- (a) The percentage of each item
 - (b) The relative size of each segment
 - (c) The absolute number of each segment

SECTION B
(60 marks)

Answer ALL questions in this section, with all their respective sub-divisions, on the foolscaps provided. Each question carries a total of 20 marks.

1. (a) Is the letter a verbal, written or non verbal form of communication? *(1 mark)*
- (b) Is the letter a good form of internal means of communication or of external means of communication? Explain your answer. *(4 marks)*
- (c) On the foolscap provided draw a business letter showing clearly the following items:
- (i) Letterhead
 - (ii) References
 - (iii) Date
 - (iv) The address
 - (v) The salutation
 - (vi) The body
 - (vii) The complementary close
 - (viii) The signature *(4 marks)*
- (d) Is the telephone system a good means for internal or external communication? Explain your answer. *(5 marks)*
- (e) List three (3) items which can cause problems in a communications process and state how each may cause problems. *(6 marks)*
2. **Maria Calafato owns a business and, as she has been quite successful and is seeing the possibility that demand for her products may increase, she would like to expand her business. In order to do this she needs further finance. A friend of hers told her that she could take a bank loan. Another friend mentioned a bank overdraft.**
- (a) Explain what is a loan and what is a bank overdraft, bringing out the difference between the two. *(4 marks)*
- (b) When do firms use an overdraft and when do they take a loan? *(4 marks)*
- (c) Mention five other services that banks offer to business organizations. *(5 marks)*
- (d) (i) Mention five services which a bank may offer to a private individual. *(5 marks)*
- (ii) Explain in detail one of the services you mentioned in answer to question d (i), above. *(2 marks)*

(e) What type of business organization is Maria's? *(1 mark)*

(f) State one way Maria may expand her business without recurring to a bank. *(1 mark)*

3. An important function in a business organization is the Marketing Function. Marketing should be linked to other functions within the organization, such as the production function and the sales function.

(a) Define the term **marketing**. *(2 marks)*

(b) We often mention the **4 Ps of marketing**. Mention them. *(4 marks)*

(c) Among the tasks which should be carried out by the marketing department there is market research.

(i) Define **primary research** and give another term for it. *(3marks)*

(ii) Define **secondary research** and give another term for it. *(3marks)*

(d) Give an example of a method of primary research. *(1 mark)*

(e) Give an example of a means of secondary research. *(1 mark)*

(f) What is the **product life cycle**? *(2 marks)*

(g) Draw a typical product life cycle. *(4 marks)*

SECTION C
(20 marks)

Write an essay on ONE (1) of the suggested titles below. Be sure to answer all questions related to the essay you have chosen. Each question carries 20 marks.

1. The aim of a business is to satisfy consumer wants and needs through the production process.

- (a) What is the difference between wants and needs? (4 marks)
- (b) Which different groups of resources (factors of production) have to be used in the production process? Which is the reward for each factor? (8 marks)
- (c) The production process produces goods and services. Explain in detail the different types of goods that can be produced. (8 marks)

OR

2. A manufacturing firm has to buy materials to produce its final products.

- (a) Besides materials, what other items may the purchasing department purchase? (2 marks)
- (b) A method of purchasing material is the **just-in-time (JIT)** method. Explain this method. (2 marks)
- (c) What methods can a firm use to keep records of its stock levels? Explain how each method is used to keep stock records. (6 marks)
- (d) Why is it important to choose the right suppliers and what are the criteria which qualify suppliers as “right”? (10 marks)

OR

3. The aim of any manufacturing firm is to produce goods to be consumed by its clients.

- (a) Mention and explain in detail three (3) different types of production. (9 marks)
- (b) Quality is an important feature in the production process.
 - (i) What methods can a firm use to assure itself of the quality of its products? (5 marks)
 - (ii) Explain how international standards organizations may help firms to reach adequate standards of production. (6 marks)