



**FORM 4** **BUSINESS STUDIES** **TIME: 1h 30min**

**Name:** \_\_\_\_\_

**Class:** \_\_\_\_\_

**MARKS**

<b>Section A</b>	<b>Section B1</b>	<b>Section B2</b>	<b>Section B3</b>	<b>Section C</b>	<b>TOTAL</b>
<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>100</b>

**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. Among other things, the **location of a business** depends on the:

- (a) price of land and the nature of the product being produced
- (b) prices of complementary goods and nearness to the market
- (c) railway systems in the vicinity plus economies of scale

2. Due to **limited resources** and **man's insatiable nature**:

- (a) there is an infinite number of goods on the market
- (b) the scale of preference is always completely exhausted
- (c) choices are made leading to opportunity costs

3. **Barriers to trade** are:

- (a) imposed to decrease a deficit
- (b) a suitable measure to liberalise the market
- (c) tools used to increase imports

4. **Horizontal communication** occurs when:

- (a) the employees of a business communicate with the suppliers of the firm
- (b) the subordinates need to take permission for something from their superiors
- (c) employees in the same grade have to agree between themselves

5. To calculate the **Net Pay**, from the Gross Pay one must deduct the:

- (a) overtime payment and any commissions earned
- (b) minimum wage and the VAT
- (c) national insurance contributions and tax

6. One would choose to invest in **ordinary shares** rather than **preference shares** because they:

- (a) are less risky
- (b) often provide a higher dividend
- (c) are the first to be paid back if the business is closed down

7. A **redundant person** is an ex-employee:
- (a) who has been fired from work due to disciplinary measures
  - (b) whose work is no longer needed by the employing firm
  - (c) ready to move on to another employment after resignation

☐

8. In an economy, **unemployment** is reduced if:
- (a) foreign investment is attracted and economic activity increases
  - (b) there is a flow of competitive imports
  - (c) there is less demand for products on the market

☐

9. **Restrictive practices** are used in the case of:
- (a) industrial relations
  - (b) a wild cat strike
  - (c) industrial disputes

☐

10. An **advert** may be considered as **informative** when it contains information on:
- (a) the hidden persuaders used to attract potential customers
  - (b) the product, how to use it, its price, its suppliers and so on
  - (c) collective advertising and even on sales promotion

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(20 marks)

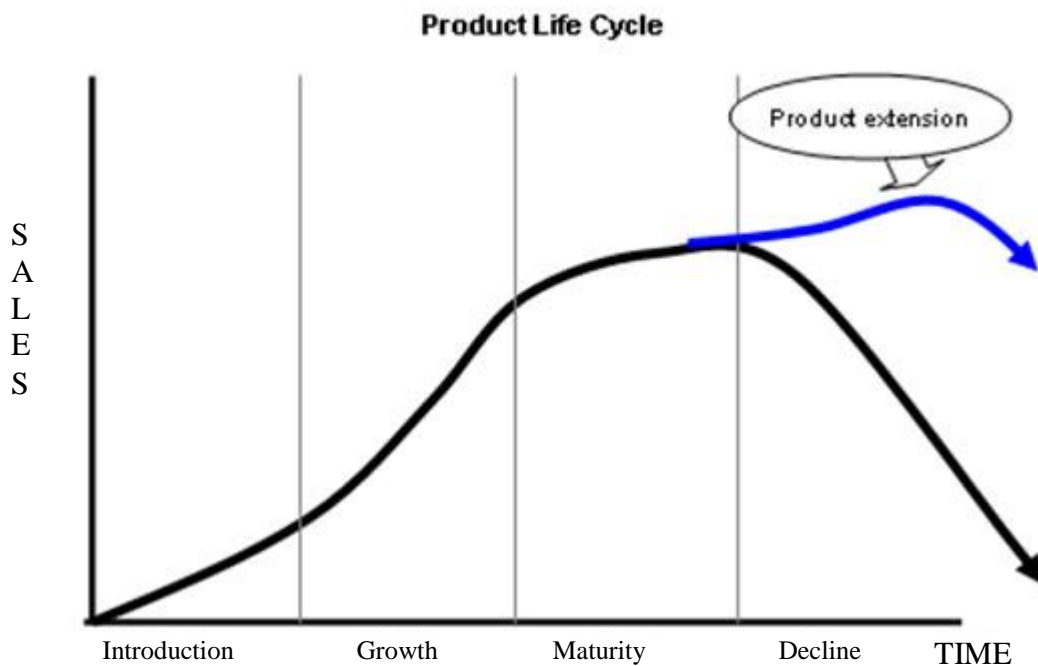
## SECTION B: ANSWER ALL THE QUESTIONS IN THIS SECTION.

This Section carries a total of 60 marks.

### • Case Study 1

Examine the diagram below to answer the questions that follow on the foolscaps provided.

The product life cycle below shows how sales of a product are behaving over time.



- Why is a product life cycle considered as an important tool of marketing? (2 marks)
- Describe what is happening at each of the four stages mentioned above. (8 marks)
- The product life cycle above also shows that at a certain point in time there was a product extension. Explain what could have happened to create this product extension and mention two (2) extension strategies that could have been used to create this extension. (4 marks)
- Sketch a product life cycle for each of the following: a branded good with constant brand loyalty and a newspaper. (4 marks)
- Explain the difference between the two sketches you made. (2 marks)

## • Case Study 2

Read this extract and then answer the questions related to it on the foolscaps provided.



The new recruits were taken around the offices of the company to become familiar with the various departments of the firm. Then, they were taken to one of the offices to sign the contract of employment and they were informed that soon they would have to attend an in-service training course as part of the on-the-job training. Moreover, it was explained to the recruits that as employees of this firm, they would benefit from a number of fringe benefits. The recruits were satisfied with the conditions explained to them, yet they still felt that now, that they are in employment, they should join a trade union.

- What is meant by “new recruits”? (2 marks)
- Mention three (3) important departments in a firm and briefly say what they deal with. (6 marks)
- Describe what the contract of employment is and its contents. (4 marks)
- Give an advantage (1) and a disadvantage (1) of on-the-job training and state what the opposite of on-the-job training is called. (3 marks)
- Explain why firms offer fringe benefits to employees and name two (2) such benefits? (3 marks)
- In your opinion, why would the new recruits want to join a trade union? (2 marks)

## • Case Study 3

Read the extract presented below and then answer the related questions on the foolscaps provided.



*The Barter system, which might still be very much practised in a subsistence economy, has been replaced by a more practical system in more developed societies using money as a medium of exchange. If money were not invented, the system of mass production and division of labour would not have been successful.*

- What do you understand by each of the four (4) underlined terms? (8 marks)
- Besides being a medium of exchange, money has other functions. Mention and explain two (2) others. (4 marks)
- Throughout time, several objects served as money but each had certain characteristics to serve this purpose. Give three (3) of these characteristics. (3 marks)
- Since a subsistence economy is not a very ideal type of economy, which type of economy would you prefer to live in and why? (3 marks)
- Division of labour has several advantages but also disadvantages. List one (1) of each. (2 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. Governments would be pleased to have a multinational company invest in their countries.**

- a. Describe two (2) ways how a multinational company may be formed. (4 marks)
- b. Why would governments be pleased to attract such businesses? Give three (3) reasons. (6 marks)
- c. Mention three (3) things that could attract foreign investment into a country. (6 marks)
- d. List four (4) multinationals that can be found in Malta. (4 marks)

**OR**

**2. By time a private limited company may grow into a public limited company, but this requires several changes.**

- a. What could be the main reason of turning a private limited company into a public limited company? (2 marks)
- b. Describe the procedure of registering a private limited company by referring to the documents needed by the Registrar of companies and the documents issued by him. (6 marks)
- c. What further action is necessary to register a public limited company? (4 marks)
- d. Besides any differences between the private and the public limited company mentioned above, explain another four (4) differences. (8 marks)

**OR**

**3. For a business there is government aid and non-government aid. Moreover, since businesses have to be controlled, there is legislation such as consumer law, competition law, employment law and environmental law.**

- a. Describe how two types of government organisations/entities aid businesses. (4 marks)
- b. Describe how two types of non-government organisations/entities aid businesses. (4 marks)
- c. Briefly explain the importance of each of the laws mentioned above – consumer, competition, employment and environmental law. (8 marks)
- d. Pressure groups are also a means of control for what businesses do. Describe the role and actions of pressure groups. (4 marks)