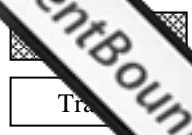


DIRECTORATE FOR QUALITY AND STANDARDS IN EDUCATION
 Department for Curriculum Management and eLearning
 Educational Assessment Unit
Annual Examinations for Secondary Schools 2013



FORM 5 **BUSINESS STUDIES** **TIME: 1h 45min**

Name: _____ **Class:** _____

MARKS

Section A	Section B	Section C1	Section C2	Section C3	Section D	TOTAL

SECTION A: ANSWER ALL QUESTIONS.

Put the letter corresponding to the right answer, in the box provided at the end of question.

Each question carries 2 marks, giving a total of 20 marks for the whole Section.

1. The two **factors of production** that form **the manpower of a firm** are:

- (a) land and labour
- (b) labour and entrepreneurship
- (c) capital and labour

2. A company which is experiencing a **high labour turnover** should:

- (a) seek to provide better conditions for its employees
- (b) recruit less people
- (c) increase disciplinary procedures

3. The **shareholders of a public limited** company:

- (a) are usually few and their investment is very risky
- (b) can sell their shares at the Stock Exchange
- (c) have no say in the running of the company

4. An employee of the **Purchasing Department** should seek **suppliers** who:

- (a) provide a large number of catalogues, leaflets and invoices
- (b) are reliable and provide good quality products at fair prices
- (c) always keep a large amount of stock of the same good

5. A customer wishes **to order furniture made to measure** for his house and this is produced by:

- (a) job/unit production
- (b) mass production
- (c) batch production

6. Though profit is a major **objective of any business**, in a competitive world **survival depend** also on:

- (a) overtime facilities
- (b) e-commerce
- (c) customer satisfaction

☐

7. **Wholesalers** are necessary in the chain of distribution in order to:

- (a) store in large quantities and then break bulk
- (b) use penetration pricing
- (c) provide niche marketing

☐

8. **Banks** provide **several services to businesses** such as:

- (a) progressive taxation and current accounts
- (b) overdrafts and night safe facilities
- (c) a double coincidence of wants and loans

☐

9. When there is **delegation of authority**:

- (a) work responsibilities are shared with subordinates
- (b) all the work is centralised
- (c) organisation charts are delayered

☐

10. In order to **decrease a Balance of Payments deficit**, a country should try to:

- (a) increase total exports and decrease total imports
- (b) decrease visible exports and increase invisible imports
- (c) use barriers to trade such that exports are limited

☐

(20 marks)

SECTION B: Answer all questions in this Section.

This Section carries a total of 20 marks.

Examine the table below and then answer questions a, b, c and d which are set on it.

Name of Business	Gross Profit €	Net Profit €	Turnover €	Capital Employed €
Fitness Sportswear	14,000	2,000	40,000	30,000
Natural Foods Ltd	8,500	6,000	36,500	50,000

- Work out the **Gross Profit Margin** for both businesses. (all workings must be shown) (4 marks)
- Work out the **Net Profit Margin** for both businesses. (all workings must be shown) (4 marks)
- Work out the **Return on Capital Employed (ROCE)** for both businesses. (all workings must be shown) (4 marks)
- If you were to invest in one of the businesses mentioned in the table, **which one would you choose? Give adequate reasons for your answer.** (4 marks)
- Explain why **a lender** such as a bank **would be interested in examining the financial statements** of a business before agreeing to give a loan. (2 marks)
- If two businesses are tested for **liquidity** and the results are as laid down in the table below, **which of the two businesses would be in a better situation and why?**

Business	Current Assets Ratio	Acid Test Ratio
Business 1	2.3	1
Business 2	2.3	1.5

(2 marks)

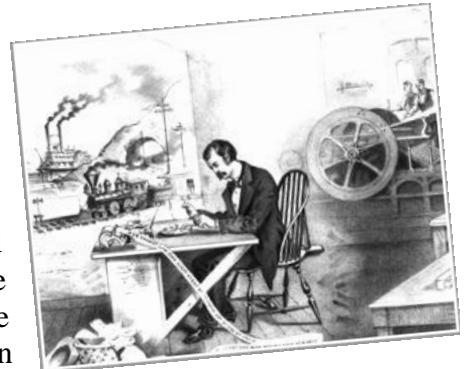
SECTION C: Answer any two (2) Questions (with all their respective sub-divisions, foolscaps provided).

Always read the extracts carefully before answering the questions.

Each question carries a total of 20 marks, giving a total of 40 marks for the whole Section.

Question 1

Business development has of course gone through different stages with the passing of time. It can be said that it started from the simplest subsistence economies till it reached the stage of globalisation. Nowadays, transactions have increased and become more complex because of interdependence. A large number of countries have a mixed economy and others are moving towards free-market economies. The tertiary sector in economies of developed countries has also increased tremendously.



- a. Below is a list of different **stages of business development** and a list of **characteristics of each stage**. However, the two lists need matching up. In the middle column, next to each characteristic put down the appropriate number relating to the stage of business development to which the characteristic refers. (10 marks)

Stages of Business Development	No.	Characteristics of Each Stage
1. Subsistence Economy		Association of craftsmen in a particular trade
2. Crafts Industry		The creation of a single market worldwide
3. Guilds		Development of trade & the Cottage Industry
4. Industrial Revolution		Agrarian production & self-providing of basic necessities
5. Global Economy		Replacement of an economy based on manual labour to one dominated by industry and machines

- b. List **two (2) negative effects of globalisation**. (2 marks)
- c. Moving from a **mixed economy** to a **free-market economy** implies some changes. Say whether the following are **True** or **False** by putting a “T” or “F” respectively in the spaces provided. (5 marks)

True (T) or False (F)

- more social security benefits
- a larger public sector
- more privatisation
- increased competition
- more health/educational services provided by the state

- d. As stated in the text provided, the tertiary stage of production grows larger in economies of developed countries. Explain **what the tertiary stage involves** and **why this occurs**. (3 marks)

Question 2



A developer planning to build a shopping centre in a particular area argued that a traditional corbelled hut (*girna*) sited over the area is not of any historical value. The building permit is still to be issued by the relevant authority. Meanwhile a number of residents of the surrounding area, backed by environmental groups are protesting about the building of the shopping centre, maintaining that the corbelled hut is an important historical structure.

- To **which authority** is the text referring? (2 marks)
- Besides issuing building permits this authority has **other functions**. Mention **two (2)** of them. (2 marks)
- The authority mentioned in the text is somehow controlling the businessman. Other organisations can help a businessman in several ways. **Name any organisation that can be of help to a business and describe how it aids the business.** (4 marks)
- Groups such as the **environmental groups and the protesting residents** referred to in the text above have a particular name. Can you say **what they are called?** (2 marks)
- Give the **name of two (2)** such groups that seek to protect the environment. (2 marks)
- Indicate **two (2) methods** that can be used by such groups **to protest against** the building of the shopping centre. (2 marks)
- From what you have read, what could be the resultant **opportunity cost** if the shopping centre is built up? (2 marks)
- In the grid below, **list a private cost and private benefit for the developer** if he builds the shopping centre. Then write down **an external cost and an external benefit** resulting from the building of the shopping centre. (4 marks)

Private Cost	Private Benefit
External Cost	External Benefit

Question 3

A firm has been marketing its products locally for a number of years. It has now been decided that the firm should grow in size and should start exporting its products abroad. Production has to increase and division of labour has to be extended even further. Many changes have to be made in the marketing & sales, finance and other sections of the firm. It is feared that employees may resist the change but somehow management has to make them accept the necessary changes.

- a. Growth of a firm can be internal as well as external. Suggest **two (2) ways** how the **firm may expand externally**. (2 marks)
- b. Indicate **four (4) possible problems** that the firm may encounter in **exporting**. (4 marks)
- c. It is to be decided whether to use air transport or sea transport for the exportation of the firm's products. Discuss in some detail **two (2) possible things** you would take into consideration **before deciding on the type of transport indicating in each case which is the best type of transport to use**. (4 marks)
- d. **Why** is it stated in the text that **division of labour has to increase even further** once the firm is exporting abroad? (2 marks)
- e. **Draw** a possible **organisation chart for the Marketing & Sales Department**, taking into consideration that now the **firm is going to export its products**. (4 marks)
- f. **List two (2) reasons why employees would resist the changes proposed and in each case, state one (1) possible way how management can combat this resistance**. (4 marks)

SECTION D: Write a short essay on ONE (1) of the suggested titles below. Be sure to answer all questions related to the essay you have chosen.

Each title carries a total of 20 marks – 18 marks as indicated hereunder and 2 marks for logical sequence, originality and presentation.

- (a) **The Break-even point is the point where revenue equals the total of all expenses including costs of goods sold.**
- (i) Explain: revenue; expenses and cost of goods sold. (6 marks)
 - (ii) Using a diagram explain how the break-even point is reached. (8 marks)
 - (iii) On the same diagram, indicate the areas of profit and of loss and mark the minimum quantity of the product that must be sold as well as the minimum of amount of income from sales that must be obtained so that the firm makes a profit. (4 marks)
- (b) **The consequences of ineffective communication in a business can be numerous and all this can be the result of diseconomies of scale.**
- (i) Explain why ineffective communication can be the result of diseconomies of scale and discuss two (2) of the consequences of ineffective communication. (6 marks)
 - (ii) Which are the four (4) necessary basic elements in all forms of communication and what ensures that the message has been received? (6 marks)
 - (iii) Describe three (3) factors that could lead to ineffective communication, apart from diseconomies of scale. (6 marks)
- (c) **After the selection and recruitment stages, firms need to cater for the training of employees. At the same time, they are also required to motivate employees to work efficiently.**
- (i) Briefly describe the recruitment and selection process till a contract of employment is awarded. (6 marks)
 - (ii) Compare and contrast different types of training methods that are used for employees. (6 marks)
 - (iii) What can motivate employees to work harder with greater satisfaction? Discuss three (3) of them. (6 marks)