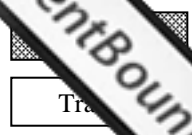


DIRECTORATE FOR QUALITY AND STANDARDS IN EDUCATION  
 Department for Curriculum Management and eLearning  
 Educational Assessment Unit  
**Annual Examinations for Secondary Schools 2012**



**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 each question.

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

1. A sole trader would decide to **form a partnership** so that:
  - (a) his profits, sales and customers would automatically increase
  - (b) he would try to do away with any diseconomies of scale
  - (c) the capital of the business, skills/experiences would increase
  
2. In the **secondary stage of** production:
  - (a) the chain of production is completed
  - (b) raw materials are turned into finished goods
  - (c) raw materials are extracted from nature
  
3. Which of the statements below is **correct**?
  - (a) A budgeted figure shows the actual figures of what really happened.
  - (b) There is never a variance in any way in the budget figures.
  - (c) A budget is a forecast and plan of financial implications.
  
4. The government of an African country wants to **protect the local agriculture market from foreign imports** by:
  - (a) imposing tariffs and quotas on imports
  - (b) operating a system of dumping products in other countries
  - (c) creating heavy taxes on local produce
  
5. If the F.C. = €2,000 and V.C. = €50 per item, what should the T.R. be in order **to breakeven** when 100 items are produced?
  - (a) € 7,000
  - (b) €100,000
  - (c) € 2,500
  
6. If a Trade Union is **in conflict** with management about work conditions, then there is a:
  - (a) conciliation
  - (b) trade dispute
  - (c) case of industrial relations

7. A **negative effect of globalisation** is:

- (a) economic growth and improved living standards
- (b) an increase in international trade
- (c) the closing down of uncompetitive industries

☐

8. A **contract between government and a privately owned company** so that the company would operate government's facilities giving a public service **without privatisation** taking place, is known as a:

- (a) public-private partnership
- (b) limited partnership
- (c) private limited company

☐

9. Sammy's bike shop has made a Gross Profit of €25,000, a Net Profit of €5,000, a turnover of €50,000 and the capital employed is € 80,000. Its **ROCE** is:

- (a) 50%
- (b) 6.25%
- (c) 25%

☐

10. Living in a **free-market economy** means that:

- (a) you would benefit from a large amount of social benefits
- (b) private sector firms may take all profits after paying taxes
- (c) there is no freedom of movement or expression

☐

(20 marks)

**SECTION B:** Below is a Statement of Financial Position or Balance Sheet for a S namely Mr. Karl Grima. Examine it carefully and then answer the questions la thereafter.

This Section carries a total of 20 marks.

**Mr. Karl Grima**  
**Statement of Financial Position (Balance Sheet), as at 30<sup>th</sup> June, 2011**

	€	€
<b>Non-Current Assets (Fixed Assets)</b>		
Buildings	100,000	
Machinery	<u>22,500</u>	
Total Non-Current Assets		122,500
<b>Current Assets</b>		
Inventories (Stock of Goods)	12,400	
Trade Receivables (Debtors)	13,500	
Bank Balance	<u>11,700</u>	
Total Current Assets		<u>37,600</u>
<b>Total Assets</b>		<b><u>160,100</u></b>
<b>Capital &amp; Liabilities</b>		
Capital 1 <sup>st</sup> January 2011		130,500
Net Profit		<u>23,900</u>
		154,400
Less Drawings		<u>(13,100)</u>
Capital at 30 <sup>th</sup> June 2011		141,300
<b>Non-Current Liabilities (Long-term)</b>		
Loan		6,000
<b>Current Liabilities</b>		
Trade Payables (Creditors)	11,200	
Bank Overdraft	<u>1,600</u>	
Total Current Liabilities		<u>12,800</u>
<b>Total Capital &amp; Liabilities</b>		<b><u>160,100</u></b>

- a. Below are some definitions of terms found in the Statement on the previous page. For each definition write the appropriate term. The first one has been done for you as an example

**Example:** Debts owed by a business

Liabilities

- (i) Money taken out by the owner of a business for his own personal use  
\_\_\_\_\_
- (ii) Agreement with a bank to allow a customer to draw out more money than in his current account  
\_\_\_\_\_
- (iii) Those people to whom the firm owes money  
\_\_\_\_\_
- (iv) Those people who owe money to the business  
\_\_\_\_\_
- (v) That part of the firm's total revenue left over after total costs and expenses have been deducted  
\_\_\_\_\_

(10 marks)

- b. One can find other assets and liabilities not included in the Statement of Financial Position (Balance Sheet), such as: **Property, motor vehicles, expenses owing, mortgages** and **cash**. Insert these items under the appropriate heading in the table below. The first one has already been done for you.

Non-Current Assets (Fixed Assets)	Current Assets	Non-Current Liabilities (Long-term)	Current Liabilities
Property			

(4 marks)

- c. On the foolscaps provided, work out the Acid Test Ratio to find out if Mr. Grima's business is safely liquid. Comment on your answer and state the purpose of this test.  
(6 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**

Horace Spiteri has been in business for a number of years and prefers not to make any changes in the way he conducts his business. Whenever he has to take a decision, he only considers the financial costs & benefits that directly affect him and his profits. He never considers the social costs & benefits that a decision might involve and he doesn't worry about business ethics. His sons, on the other hand, are young and full of enthusiasm as well as very conscious of environmental issues and developments in technology amongst other things. They encourage their dad to make some changes in his business and to introduce a computerised system so that the employees could work more efficiently. Their father fears that such an action could make some of his dedicated personnel redundant and that his workers would resist the change. On top of all, spending money on computers would involve him in an opportunity cost.



- Explain** the meaning of the **four (4) underlined terms**. (8 marks)
- Give **two (2)** examples of how a business might act **ethically**. (2 marks)
- Mention **one (1) private cost and one (1) private benefit** of introducing a computerised system in Mr. Spiteri's business. (4 marks)
- How could Mr. Spiteri make his personnel **accept changes** more easily? Describe **three (3)** ways. (6 marks)

## Question 2

Though market research is a good tool for management, it is not always accurate. A national radio wanted to find out which programmes its listeners preferred. The decision was to send some of its representatives to a particular town nearby to interview whoever they met in the streets.



- a. Market research methods involve the collection of two types of data. Name these **two (2) types of data** and with examples explain the difference between them. (6 marks)
- b. Give **two (2) reasons** why the data collected by the radio interviewers might **not** be **accurate**. (4 marks)
- c. Instead of interviewing people in the streets, other methods could have been used to obtain the required data. Name **another two (2) methods**. (2 marks)
- d. The results gathered may be presented in a table such as the one below, but there are other ways for communicating this information in a visual manner that is easily understood and pleasant to look at.
  - i. **List three (3)** ways of presenting such data, apart from a bar chart. (3 marks)
  - ii. On the graph paper provided, **draw a bar chart** to represent the data gathered. (5 marks)

Programme	A	B	C	D	E	F	G	H	I	J
Number of people preferring this programme	10	22	32	3	40	12	24	12	30	15

### Question 3

Examine the call for applications below which was advertised in the newspapers:

#### **FUN KIDS CLUB**

Hotel Pluto  
21, Marina Street  
Port City, XYZ 3210



#### **SITUATION VACANT: KIDS CLUB ANIMATOR**

The Entertainment Department within the above-named hotel is looking for a male or female Kids Club Animator to work with the rest of the Animation Team. The post involves the organisation of games and fun activities for kids. The holder of the post must be an enthusiastic person with a friendly, outgoing personality and would be required to actively participate in shows and entertainment for kids.

Ideal candidates must be at least 18 years old and have “O” level standard of education including a pass in English and preferably other languages. Experience in PR activities and animation would be considered an asset.

Handwritten applications accompanied by a detailed CV are to be addressed to the Entertainment Manager at the address in caption.

**Closing date: Friday 15<sup>th</sup> November 2011.**

**There were four applicants for this post and a summary of each application is being reproduced hereunder:**

**Applicant 1:** A 20-year old female, presently working as a shop assistant. No “O” Level qualifications and needs to change her job because having to deal patiently with customers is causing her a lot of strain.

**Applicant 2:** An 18-year old male who has obtained “A” Level Certification, including the English Language, looking for an interesting job. He has been organising activities in the local Youth Club for the last two years and he has attended a course in drama and music.

**Applicant 3:** A 30-year old unemployed male who is ready to go for any job as long as he earns some money. He used to work in a factory as a machine operator but had to leave because he cannot withstand noisy environments. He has primary level education and can speak some English.

**Applicant 4:** A female aged 19 who is following a correspondence course at diploma level in psychology. She has a number of “O” levels including English. Her hobbies are dancing, singing, swimming and she used to attend ballet classes.



- a. Having examined the advert, mention **two (2) other details** that the **advert included** to make it more clear to possible applicants.
- b. The advert mentions the **CV**. **What do these letters represent** and what does a **CV consist of**? (4 marks)
- c. If you were the Entertainment Manager doing the short listing so as to call eligible candidates for an interview:
  - i. Who would you consider for an interview? (**Indicate Applicant Numbers**) (2 marks)
  - ii. For those candidates you would consider **ineligible**, list **two (2) reasons in each case** why you cannot call them for an interview. (4 marks)
- d. Write **four (4) questions** you would ask to the **eligible candidates during the interview**. (8 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) Businesses need to be both aided and controlled in their activities.**

- (i) Why is this so? (2 marks)
- (ii) Explain **in some detail** the role of **one (1)** of the following in **aiding** a business: Malta Stock Exchange (MSE); Employment & Training Corporation (ETC); Malta Enterprise (ME), Malta Chamber of Commerce, Enterprise & Industry (MCCEI). (4 marks)
- (iii) Choose **four (4)** of the following and in each case **briefly** explain in what way these regulatory bodies in Malta can **control** a business: Malta Environment & Planning Authority (MEPA), Malta Financial Standards Authority (MFSA), Malta Resource Authority (MRA), Malta Tourism Authority (MTA), National Audit Office (NAO). (12 marks)

**(b) All departments in a firm are interdependent. Two of these, that is, the Production and the Purchasing Department, should certainly work hand in hand.**

- (i) Describe in some detail the work carried out in any **four (4)** departments of a firm. (12 marks)
- (ii) Why does the success of a firm depend on this interdependence of departments? (2 marks)
- (iii) Explain why the Production Department relies heavily on the collaboration of the Purchasing Department and vice-versa. (4 marks)

**(c) In a mixed economy, one can express his views democratically and there is two-way communication. Businesses too need to communicate well in order to survive.**

- (i) Describe the features of a mixed economy, giving examples of countries having a mixed economy and others having different types of economies. (6 marks)
- (ii) Describe the essential elements in the process of two-way communication and describe how roles interchange in the process. (6 marks)
- (iii) For what reasons do businesses need to communicate? (6 marks)