

# JUNIOR LYCEUM ANNUAL EXAMINATIONS 2009

Directorate for Quality and Standards in Education  
Educational Assessment Unit

StudentBounty.com

**FORM 4**

**BUSINESS STUDIES**

**TIME: 1h 30mins**

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. A businessman decides to spend an amount of his profits on equipment instead of buying more stock for his shop. The **opportunity cost** of this choice is the:

- (a) stock that has been foregone
- (b) new equipment bought
- (c) profits spent on more equipment

2. **Money** solved the **disadvantages** of the **barter system**, especially the problem of:

- (a) not having enough surplus
- (b) finding more people to produce
- (c) fixing fair rates of exchange

3. In a factory, jeans are produced by the system of **division of labour**, so:

- (a) more is produced at a less unit cost
- (b) every employee has the satisfaction of completing the product by himself
- (c) less machinery is needed as more workers are involved in the process

4. In the **tertiary stage of production**, the product is:

- (a) distributed and sold to the general public
- (b) manufactured or processed until it is finished
- (c) extracted from the land or from the sea

5. Besides maximisation of profits, every **businessman's objective** is to try to:
- (a) avoid paying any taxes
  - (b) sell inferior products
  - (c) remain in business or survive

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6. The Managing Director is directly responsible for five (5) Managers, who in turn have an Assistant Manager each, as their subordinate. So in this **organisation chart**:
- (a) there are five levels of authority in all the firm
  - (b) there are five chains of command from the Managing Director
  - (c) the span of control of the Managing Director is five

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7. In the case of a **progressive tax**:
- (a) the more people earn, the more tax they have to pay
  - (b) the proportion of income taken in tax falls as income rises
  - (c) only corporations are made to pay

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8. In a trade dispute, **industrial action** may include:
- (a) conciliation, go slow, sit-in strike
  - (b) work-to-rule, overtime ban, strike
  - (c) boycott, work-to-rule, arbitration

☐

9. **Consumer law** is a tool used by government to:
- (a) see that employment increases
  - (b) safeguard the rights of customers
  - (c) make sure that businesses compete

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10. A group of people who demonstrate to try and **influence a decision** is known as:
- (a) the shareholders
  - (b) an employers' association
  - (c) a pressure group

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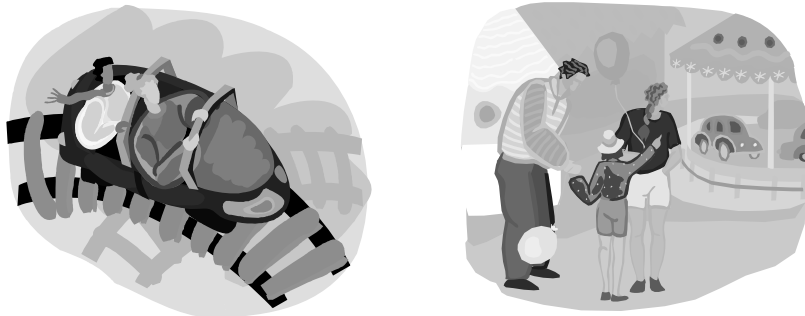
## SECTION B: ANSWER ALL THE QUESTIONS IN THIS SECTION.

ALL QUESTIONS ARE TO BE ANSWERED ON THE FOOLSCAPS PROVIDED.

This Section carries a total of 60 marks.

### • Case Study 1

“Allegrija Co. Ltd.” owns several businesses including a theme park with popular leisure activities, such as rides and fun activities aimed at every member of the family and providing all the relaxation/entertainment that every one of us dreams of. A number of employees work at this theme park and in nearby offices. A few of these employees are permanent workers but since the theme park is only open from April till October, most employment is seasonal. Such employees are paid at the “time rate” and additionally some of them receive fringe benefits. Permanent staff in offices and those concerned with maintenance have greater job security and more chances of career development. Newly recruited permanent staff benefits from on-the-job training and a few chosen employees are even provided with off-the-job training.



- What type of business ownership is “Allegrija Co. Ltd.” and therefore who are its owners? (2 marks)
- With which stage of production would you associate a theme park? Indicate also whether it operates in the private or the public sector. (2 marks)
- Why would “seasonal employment” be appropriate for some workers at the theme park? (2 marks)
- Do you think that “Allegrija Co. Ltd.” has a high labour turnover? Give reasons for your answer. (2 marks)
- Explain why a “time-rate” would be an appropriate method of payment for employees on seasonal employment. (2 marks)
- Give one (1) advantage and one (1) disadvantage of such a system of payment. (2 marks)
- Mention two (2) other methods of payment. (2 marks)
- Using examples, define “fringe benefits”. (2 marks)
- “Security” and “career development” can both lead to “job satisfaction”. Mention two (2) other non-financial aspects that can contribute to “job satisfaction”. (2 marks)
- Distinguish between “on-the-job” training and “off-the-job” training. (2 marks)

## • Case Study 2

Xandru worked in a small retail outlet selling all sorts of chocolates and sweets in a densely-populated locality. In the vicinity of his shop there was a college. As a sole proprietor, he was doing quite well, but after doing the same business for five years, he felt a desire to change to something new and increase profits. A few metres up the road there was a fast-food outlet operating under a Franchise agreement. Xandru thought of how lucky the owners of the shop were to find a ready-market for their products which are so well-known. “Maybe one day”, he thought to himself, “I would enlarge my business and integrate with other sweet shops or even amalgamate with factories manufacturing sweets and chocolates. Surely, I would be richer than to-day!”



- Being a sole proprietor, Xandru has a number of advantages and disadvantages. Describe two (2) of each. (4 marks)
- Though small, Xandru’s business still survived. Give three (3) reasons why small firms survive. (3marks)
- From the information given in the extract, do you think the location of Xandru’s business is appropriate? Illustrate your answer by any fact given above. (3 marks)
- Write a small paragraph to explain what a Franchise agreement is about. Indicate the parties concerned and any payment involved, as well as advantages and disadvantages of such a business. (6 marks)
- Give the name of the type of integration involved in the cases below and indicate why such an amalgamation would happen:
  - Xandru amalgamates with other sweet shops; and
  - he merges with a factory manufacturing sweets and chocolates. (4 marks)

## • Case Study 3

The Statistics Office employee was examining the figures printed on the sheet of paper. An amount of €700,000 million worth of goods had been exported and €900,000 million imported into the country. The figures relating to services were €500,000 million as exports and €400,000 million as imports. He wanted to calculate the Balance of Payments and determine whether the country was making a deficit or a surplus.



Meanwhile the telephone rang. It was the Director who wanted to meet him so as to discuss some “informative advertising” that the Statistics Office wanted to make on the media.

- a. From the information given in the extract, work out the:
  - (i) Balance of Trade
  - (ii) Invisible Balance
  - (iii) Balance of Payments (6 marks)
- b. Explain whether the country was making a deficit or a surplus and so whether the position of the country was beneficial or to the detriment of the local economy. (2 marks)
- c. Describe three (3) measures that a government could adopt if the Balance of Payments figure were to be negative. (6 marks)
- d. What is “informative advertising”? (2 marks)
- e. Another type of advertising is “persuasive advertising”. Explain how this differs from “informative advertising” and mention two “hidden persuaders” that could be used in such advertising. (4 marks)

**SECTION C: 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.**

1. **In an Annual General Meeting (AGM’s), as happens in other meetings, there is always a mixture of “written”, “verbal” and “non-verbal” communication involved.**
  - a. Write a paragraph on AGM’s, explaining why they are held and the people present in such meetings, as well as the importance of participating in such meetings. (8 marks)
  - b. Describe the difference between written, verbal and non-verbal communication giving examples of each of them as used in a meeting. (6 marks)
  - c. Which are the essential ingredients of any form of communication and how important is feedback? (6 marks)

**OR**

2. **In any economy the way the state answers three basic questions, determines whether a country has a “free-market”, “mixed” or “centrally-planned economy”.**
  - a. Which are the three (3) basic questions that have to be answered by the state? (3 marks)
  - b. Give another name for a primitive type of economy which is not of the type mentioned above and state an example of a country in which this type of economy exists. (3 marks)
  - c. Describe in some detail the three types of economy mentioned in the title, giving at least two (2) advantages and two (2) disadvantages of the two extreme types of economy. (14 marks)