

JUNIOR LYCEUM ANNUAL EXAMINATIONS 2009

Directorate for Quality and Standards in Education
Educational Assessment Unit

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

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. When a factory emits toxic fumes, **society incurs**:

- (a) a social benefit
- (b) an external cost
- (c) an opportunity cost

2. In a **free market economy**:

- (a) businesses obtain profits without paying any taxes
- (b) government subsidies many business activities
- (c) there is a wide choice of commodities

3. **Health & Safety** at the workplace:

- (a) ensures that the firm does not have unwanted costs relating to lost man-hours
- (b) creates the need for another section in the R & D department
- (c) is ensured if the workers buy their own safety shoes

4. **Globalisation** occurs where:

- (a) firms see the scope of their business as being carried out on a worldwide scale
- (b) the internet is not worldwide used
- (c) a standard product is sold locally only

5. A **cash budget** is an alternative name for:

- (a) the government's spending on social security
- (b) a firm's day to day income
- (c) a cash flow forecast

6. **Demographics** is all about the:

- (a) design of regulations for the business on the computer
- (b) statistical data of the size, structure and make-up of a population
- (c) gender of the population

7. The **local residents protesting against the setting up of a new factory estate:**

- (a) are part of the local council
- (b) cause an international promotion to sustainability
- (c) form a pressure group

8. When **demand exceeds supply** in the market, the result is:

- (a) a surplus
- (b) a shortage
- (c) an equilibrium price

9. Indicate which of the following statements **is true:**

- (a) the tertiary sector includes direct and commercial services
- (b) in the secondary stage of production the chain of production is complete
- (c) there is interdependence between every capital good of the plant

10. If the subordinates of the Chief Accountant amount to ten and his superior is the Managing Director, the **span of control of the Chief Accountant** is:

- (a) nine
- (b) ten
- (c) eleven

SECTION B: Below is a simple Balance Sheet for a Sole Trader. Examine it carefully and then, on the foolscaps provided, answer the questions laid down thereafter.

This Section carries a total of 20 marks.

Balance Sheet for Sam's Retail Shop, as at 31st December, 2008

	€	€
Fixed Assets		6,000
Current Assets	4,000	
Current Liabilities	<u>1,000</u>	
		<u>3,000</u>
		<u>9,000</u>
 <u>Financed by:</u>		
Capital		7,000
Net Profit		<u>5,500</u>
		12,500
Drawings		<u>3,500</u>
		<u>9,000</u>

- a. Apart from the above Balance Sheet, what **other important document** forms part of the **Final Accounts**? (1 mark)

- b. List **one (1) example of each** of the following:
 - (i) **Fixed Assets;**
 - (ii) **Current Assets;** and
 - (iii) **Current Liabilities.** (3 marks)

- c. From the given Balance Sheet, state the **value** of the following:
 - (i) **Working Capital;** and
 - (ii) **Capital Employed.** (4 marks)

- d. **Distinguish** between the **Working Capital** and the **Capital Employed.** (2 marks)

- e. In the Final Accounts one often meets with the term "**depreciation**".
 - (i) What does this **mean**?
 - (ii) **Where** would you **find such an item in the Final Accounts**? (4 marks)

- f. If the Sales Turnover for the year 2008 were €50,000, comment on **whether the owner of the business was in a better position in another year when he had a Net Profit Margin of 10%.** (4 marks)

- g. Using the information given in the Balance Sheet, determine **whether this business is safely liquid.** (2 marks)

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

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

Question 1

The increase in competition, technological developments and quick movement of information and goods, all contribute to an increasing pace of change for business. This in turn will cause the product life-cycle to be shorter as business will have to respond quickly to changing customer needs and requirements.

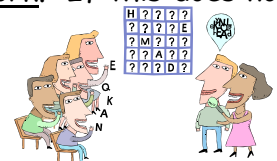


- a. By using examples, if necessary, **explain how each of the following affects business owners:**
 - (i) an increase in competition;
 - (ii) technological developments; and
 - (iii) quick movement of information. (6 marks)
- b. In your opinion, **why does the product life cycle become shorter to respond to customer requirements?** (2 marks)
- c. **Describe the different stages of a product life-cycle** and illustrate your answer with a **labelled diagram.** (8 marks)
- d. Change requires that management adopts certain measures to ensure that changes are introduced smoothly in the organisation, without having employees resist change. Discuss **two (2) ways how you would introduce change** if you were part of management. (4 marks)

Question 2

One problem faced by large firms is the lack of understanding by any one section of the company of what other sections are doing. This in turn causes diseconomies of scale. Thus, good communication is necessary.

It is of utmost importance that all employees receive the information they need and any decisions made by management that would affect their conditions of work. If this does not happen, the situation may result in an industrial action.



- a. Describe three (3) rules for **good communication.** (6 marks)
- b. If you were involved, decide on what means of **internal communication** you would use to:
 - (i) **explain** to your workers about an important decision taken within your firm; and
 - (ii) see that the employees keep a **constant reminder** of certain policies. (4 marks)
- c. **Define in detail**, (using examples if necessary), the **three (3) underlined terms** in the text provided. (6 marks)
- d. If there is a **lack of understanding between the Purchasing Dept.** of a firm and the **Production Dept.**, what could possibly **happen to the production of the firm** and **why?** (4 marks)

Question 3

An important task of the Human Resources Department is to motivate its workforce in order to increase productivity and reduce the number of days' work lost through absenteeism.

Abraham Maslow made a significant contribution in so far as motivation is concerned and his pyramid or hierarchy of needs is looked upon as a good guideline for management.



- The Human Resources Department does not only focus on motivation, but it has a good number of other functions. **Give another name for the Human Resources department and explain four (4) of these other functions** in detail. (9 marks)
- What do you understand by the term “**motivating its workforce**”? (2 marks)
- Besides pay, **fringe benefits (perks)** and **profit sharing** are also financial incentives that increase motivation. **Explain the two (2) terms and use examples** where necessary. (4 marks)
- Maslow’s hierarchy of needs shown above is divided into five parts. **For each part, indicate what management can offer** to its employees in order to **satisfy that particular need.**(5 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) **Imagine you are going to set up your own business in the form of a retail shop, selling some product or giving a service. Decide what type of business you are going to operate and then answer the questions that follow hereunder.**
- (i) I would be choosing to open up a shop selling _____ **or** providing the services of _____. (*Fill in only one space and write your answer on the foolscaps provided*) (2 marks)
 - (ii) Explain whether you intend to operate as a sole trader **or** partnership **or** company and why you have chosen this type of organisation, highlighting the advantages and disadvantages of such a structure. (8 marks)
 - (iii) Discuss three (3) considerations you would be taking before deciding where to locate your business. (6 marks)
 - (iv) Name two (2) sources from where you will obtain the money to finance your business. (2 marks)
- (b) **Various organisations provide services in order to aid businessmen.**
- (i) If you were to have your own business, in which spheres would you need help? (*Choose two (2) aspects*) (4 marks)
 - (ii) Choose three (3) organisations you have learnt about and explain their role, indicating also how they can help a business. (9 marks)
 - (iii) Some legislation such as that relating to consumer protection is there to help the customer and the businessman. In what way does the law on consumer protection help the businessman? (5 marks)
- (c) **Foreign Trade is of great importance to small island states such as Malta, especially if their resources are scarce.**
- (i) Do you agree with the above? Discuss and give reasons for your answer. (4 marks)
 - (ii) By giving the meaning of Balance of Trade, Invisible Balance and Balance of Payments, indicate how a deficit may arise. (10 marks)
 - (iii) Explain how foreign trade could create some problems to the exporter. (4 marks)