

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) using tariffs and quotas on imports
 - (b) 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

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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

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

- (a) 0.06%
- (b) 6.25%
- (c) 25%

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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

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(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 30th June, 2011

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

- 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) of the 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 is afraid that he fears that such an action could make some of his dedicated personnel redundant and that his workers would resist any 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 advert below and then answer the questions that follow:

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 15th November 2011.

- a. Fill in the blanks below with the following terms: **job specification, Kids Club Animator, friendly, Curriculum Vitae, call for applications, Entertainment Manager, applications, experience, interview, academic, short listed, Friday 15th November 2011.**

The above advert in the newspaper is a _____ for the post of a _____. The deadline for sending the _____ is _____. Included with the handwritten application there must be a CV which means _____. This contains details of the person applying for the job as well as _____ qualifications and _____. In the _____ for the job advertised, there would have been written things like: being at least 18 years old, having an "O" level standard of education as well as things like having a _____ personality. After being received, the applications would have to be _____ to draw a list of candidates for an _____. The person chosen for the job would be responsible to the _____.

(12 marks)

- b. Write **four (4) questions** you would ask to the **eligible candidates during the interview.**

(8 marks)

SECTION D: Answer this Section in the spaces provided. This Section carries a total of 20 marks.

Distinguish between each set of words given hereunder.

1. Purchasing Department and Production Department

2. Transmitter and Receiver

3. Employment & Training Corporation (ETC) and Malta Financial Services Authority (MFSA)

4. Mixed economy and Centrally-planned economy

5. Wholesaler and Retailer

(20 marks)