



SUBJECT:	Business Studies
PAPER NUMBER:	I
DATE:	10 th May 2018
TIME:	4:00 p.m. to 6:05 p.m.

This paper consists of eight questions of 10 marks each.

Answer **ALL** questions.

Candidates are to write the question number and letter in the margin provided.

1. (a) Name the **FOUR** different forms of integration that an enterprise might engage in. (2)
 (b) What is meant by fair trade? (2)
 (c) Classify the following business activities according to the economic sector they operate in (primary, secondary or tertiary). (3)

nail technician	oil extraction	lemonade bottling
farming	tourism	programming

- (d) Give **TWO** reasons why the tertiary sector in Malta comprises the largest number of businesses and **ONE** reason why the primary sector has diminished. (3)

(Total: 10 marks)

2. (a) Define the term 'franchising' and give **ONE** example. (2)
 (b) A business may be incorporated as a sole trader, a company or a cooperative. Which factors indicate the type of business set up? (4)
 (c) Identify **TWO** reasons for the promotion of workers' participation in decision making. (2)
 (d) Explain why workers' cooperatives are still being created today. (2)

(Total: 10 marks)

3. (a) What is a minimum wage and what is its scope? (2)
 (b) Illustrate how job rotation can be beneficial to an entity. (3)
 (c) Differentiate between voluntary and involuntary dismissal. (2)
 (d) Evaluate how any **TWO** restrictive practices affect an entity. (3)

(Total: 10 marks)

4. (a) List **TWO** ways by which a business would be ethical towards its employees. (2)
 (b) Explain and link the terms 'total population' and 'working population'. (3)
 (c) Evaluate **THREE** benefits for an entity having a motivated workforce. (3)
 (d) Evaluate an advantage of both internal (on-the-job) training and external (off-the-job) training. (2)

(Total: 10 marks)

5. (a) Define 'mass marketing'. (2)
(b) Give **ONE** example of a product which may be targeted to the mass market and **ONE** example of a product which may be targeted to a niche market. (2)
(c) Why is it important for a business such as Benna to conduct market research before re-launching its milk products in new packaging? Give **TWO** reasons. (2)
(d) Recommend the use of **TWO** media that will enable Benna to increase consumption of its milk products among teenagers. Give reasons for the choice of each medium. (4)
(Total: 10 marks)

6. (a) List **TWO** uses of communication. (2)
(b) Differentiate between internal and external communication, giving **ONE** example of each for an airline company. (4)
(c) State **TWO** problems encountered by passengers of an airline company as a result of inefficient communication. (2)
(d) Mention **ONE** possible consequence of improper communication by an airline company. Give **ONE** reason for your answer. (2)
(Total: 10 marks)

7. (a) What are the **TWO** main components of the final accounts of a sole trader and what is the purpose of each statement? (4)
(b) List **TWO** sources of external finance available to a sole trader. (2)
(c) Give **TWO** reasons why ordinary shares are riskier than debentures. (2)
(d) Distinguish between a variable cost and a fixed cost, giving **ONE** example of each cost classification. (2)
(Total: 10 marks)

8. (a) List **TWO** services provided by Jobsplus (previously known as ETC). (2)
(b) Explain how Malta Enterprise can help a start-up business. (2)
(c) What is the role of the Malta Stock Exchange? (3)
(d) For each of the following cases, state which organisation is to be contacted: (3)
(i) A person would like to change the use of premises from non-commercial to commercial use;
(ii) Investors who want to register a new company;
(iii) A sole trader who would like to obtain a licence to operate a restaurant.
(Total: 10 marks)



SUBJECT:	Business Studies
PAPER NUMBER:	IIA
DATE:	11 th May 2018
TIME:	4:00 p.m. to 6:05 p.m.

This paper consists of six questions.

Answer **Question 1** from Section A and **ANY THREE** questions from Section B.

Candidates are to write the question number and letter in the margin provided.

SECTION A

Compulsory question.

1. Urban Design Group has grown rapidly since it was originally formed fifty years ago. It has responsibilities to its many employees and customers, suppliers and needless to say towards its shareholders. It also believes it has a responsibility to society. The company aims to continue to grow.

Throughout its 50-year history, the Urban Design Group has always reinvented itself. As a pioneer in the construction industry, the company has shaped change within the industry and has expanded to other economic sectors namely retail, shipping, health and insurance. The company's reputation for innovative design was a solid foundation for business diversification where quality and customer satisfaction were always core values in every business venture. All the companies in the group strive to know their customers to improve their customer journey and experience. For this end the use of innovative methods for information gathering and dissemination is one of the priorities of the company.

Buildings, streets, neighbourhoods and districts make up the urban environment and should be functional as well as enhancing our social well-being. Clearly there is a limit to the availability of land and natural resources. The consumption of land and natural resources is in itself damaging. Many people perceive the construction industry as towering cranes over a skyline. Success relies on acquiring and adding value to land for the benefit of its stakeholders, especially the local community. This philosophy of caring for all stakeholders was embraced by all the companies in their drive for success.

Economies of scale improve efficiencies, enhancing the company's performance. This increases profitability and makes money available for capital expenditure, and to improve services to customers. In order to grow, Urban Design must attract new customers and retain those it currently has. Serving customers well relies on the ability to attract and retain good quality staff. People and customers are two main pillars of the group's success story.

Companies' actions are influenced by other stakeholders including pressure groups and government regulators. Urban Design Group believes that a business that does not care about ethics and simply seeks to maximise revenues regardless of how its products affect the society is unlikely to continue to grow. Ethics guides their decisions.

Questions are on the next page.

- (a) Identify **FIVE** stakeholders of Urban Design Ltd and list **ONE** objective of each group. (5)
- (b) List and explain **THREE** main business objectives of Urban Design Group. (3)
- (c) What is meant by dissemination of information? Name **ONE** method of dissemination. (2)
- (d) Distinguish between capital and revenue expenditure and give **ONE** example of each type of expenditure that is incurred by the company. (3)
- (e) Mention **THREE** business behaviours that are likely to cause customer dissatisfaction and subsequently the loss of customer loyalty. (3)
- (f) Identify the business structure of Urban Design and state how it raises capital. (1)
- (g) Name **THREE** instances where Urban Design Ltd has to be guided by business ethics in its decisions and operations. (3)
- (h) List **FOUR** ways how government regulators influence the actions of Urban Design Ltd. (2)
- (i) State how pressure groups influence the behaviour of Urban Design Ltd. (2)
- (j) Suggest **FOUR** ways how the Group can attract and retain good quality employees. (4)
- (k) Urban Design diversified its business activities. Differentiate between the production process of the construction industry and the insurance sector. (2)

(Total: 30 marks)

SECTION B

This section consists of five questions.

Answer ANY THREE questions from this section.

- 2. (a) Members of your family are in the process of opening a retail business and would like to set up a company. Mention **FOUR** bodies (regulatory and non-regulatory) which may offer services and assistance to your family members, stating the service provided by each organisation. (4)
- (b) Identify **THREE** differences between formal and informal communication. (6)
- (c) Recommend **FIVE** ways in which an applicant for a job vacancy is to prepare for an interview. (5)
- (d) List **FIVE** items that should be outlined in the contract of employment. (5)

(Total: 20 marks)

- 3. (a) Define what is meant by trade deficit and trade surplus. Identify **TWO** reasons why Malta tends to have a trade gap. (4)
- (b) Define a trading bloc. Demonstrate how the EU makes up a trading bloc. (5)
- (c) Differentiate between tariffs, subsidies and quotas. Name **TWO** situations in which an embargo might be set in place. (5)
- (d) Mention and briefly describe (i) **TWO** difficulties that multinationals might bring to a developed country and (ii) **TWO** difficulties that multinationals might bring to a developing country. (6)

(Total: 20 marks)

4. (a) Define, giving an example, what is a public-private partnership. State **THREE** difficulties these partnerships may find. (5)
- (b) Nowadays Malta has diversified to economic areas in different sectors rather than the manufacturing sector it once used to prosper in.
- (i) Identify **TWO** areas into which Malta has diversified. (2)
- (ii) State why Malta has chosen to diversify into the two areas that you have identified in (i) above. (2)
- (c) Entities are privatised or nationalised in the best interest of the economy.
- (i) Define privatisation and nationalisation. (2)
- (ii) Classify each of the following situations under privatisation or nationalisation.
- The entity will no longer be controlled by the minister.
 - The state will be buying more than 50% of an entity's shares.
 - The entity will now be listed on the stock exchange.
 - The entity's main aim will now be the provision of a service.
 - The entity was formed through an act of parliament but will now be a profit maximising entity. (5)
- (d) Evaluate, listing advantages and disadvantages, whether a small number of persons should form a partnership or a company. (4)

(Total: 20 marks)

5. (a) Define 're-order stock level', 'minimum stock level' and 'maximum stock level'. (4)
- (b) List **FOUR** criteria for selecting suppliers. (4)
- (c) Distinguish between economies of scale and diseconomies of scale. (6)
- (d) How would you determine that a manufacturer is experiencing internal economies of scale? Mention **TWO** factors which give rise to internal economies of scale. (6)

(Total: 20 marks)

6. (a) Distinguish between profitability and liquidity and name **ONE** profitability ratio and **ONE** liquidity ratio. (4)
- (b) Distinguish between market segmentation, targeting and positioning for a brand of chocolate of your choice. (6)
- (c) What pricing strategy would you recommend to a new taxi company who would like to enter the market with the objective of reducing the use of private cars to Sliema and Valletta? Give reasons for your answer. (6)
- (d) Give examples of how the service in part (c) above may be promoted to increase awareness and interest in the use of this service. (4)

(Total: 20 marks)



SUBJECT:	Business Studies
PAPER NUMBER:	IIB
DATE:	11 th May 2018
TIME:	4:00 p.m. to 6:05 p.m.

This paper consists of six questions.

Answer **Question 1** from Section A and **ANY THREE** questions from Section B.

Candidates are to write the question number and letter in the margin provided.

SECTION A

Compulsory question.

1. After finishing school Max and Gigi opened a small grocery shop. Reinvesting their earnings to open another grocery store brought them more success and since then they never looked back. They decided to form a private company, GigiMax Supermarkets Ltd, and encouraged by the results, the company went public to raise finance allowing it to expand its operations. Today the company is proud to be a leader in the business sector having a chain of supermarkets. The company has a strong relationship with a pool of suppliers that benefits both sides. This partnership approach has worked well as both parties acknowledge how important they are for one another. GigiMax Supermarkets plc is aware that it has responsibilities to its many employees and customers, and needless to say towards its shareholders. It also believes it has a responsibility to society.

The company aims to continue to grow. Economies of scale improve efficiencies, enhancing the company's performance. This increases profitability and makes money available for capital expenditure, and to improve services to customers. In order to grow, the company must attract new customers and retain those it currently has. Serving customers well relies on the ability to attract and retain good quality staff. People and customers are two main pillars of the success story.

Through a process of interview and assessment, managers select those candidates that have the precise skills and competencies that the job requires. Although GigiMax Supermarkets expects new recruits to make an immediate contribution to the business, it also provides training so that they can develop their careers within the company.

Companies' actions are influenced by other stakeholders including pressure groups and government regulators. GigiMax Supermarkets plc knows that a business that does not care about ethics and simply seeks to maximise revenues regardless of how its products affect the society is unlikely to continue to grow. Ethics guides their decisions.

Questions are on the next page.

- (a) What was Gigi and Max’s original business structure? (1)
 - (b) List and explain **THREE** main business objectives of the company. (6)
 - (c) List **TWO** ways how government regulators influence the actions of the company. (1)
 - (d) Identify **FIVE** stakeholders of GigiMax Supermarkets plc and name **ONE** objective of each stakeholder. (5)
 - (e) Distinguish between capital and revenue expenditure and give **ONE** example of each type of expenditure that is incurred by the company. (3)
 - (f) Suggest **FOUR** ways how the company can attract and retain good quality employees. (4)
 - (g) How should an applicant for a job vacancy prepare for an interview? (2)
 - (h) State and explain how Gigi and Max, and later GigiMax plc financed the growth of the business. (2)
 - (i) Why should GigiMax Supermarkets plc behave ethically? (2)
 - (j) Name **TWO** ethical responsibilities of a business. (2)
 - (k) State how pressure groups can influence the behaviour of GigiMax Supermarkets plc. (2)
- (Total: 30 marks)**

SECTION B

This section consists of five questions.

Answer ANY THREE questions from this section.

2. (a) Choose the correct word/phrase from the following table to complete the sentences below. Each word/phrase is to be used only once. Write the complete sentences on the booklet provided. (6)

chief executive officer	directors	dividends
shareholders	shares	strategy

The capital of a company is made up of parts called _____. The people who buy these parts of capital are the _____, and they expect to receive _____ in return for their investment. A board of _____ is responsible for the overall direction and _____ of the business. The board is responsible for the selection of the _____ who will be responsible for the managerial decisions.

- (b) The Memorandum of Association and the Articles of Association tackle different aspects of a business incorporation. Show an understanding of their contents. (4)
- (c) Evaluate, giving **FOUR** reasons, why in spite of the economies of scales achieved by large businesses some firms still opt to remain a small business. (4)
- (d) Define a ‘public-private partnership’ (PPP) and give **ONE** example. (2)
- (e) In an organisational chart there are a number of managers. Establish any **FOUR** of these managers and distinguish briefly their role within the entity. (4)

(Total: 20 marks)

3. (a) Choose the correct word/phrase from the following table to complete the sentences below. Each word/phrase is to be used only once. Write the complete sentences on the booklet provided.

receiver	formal	distorted
meaning	communication	emails
sender	informal	

Whenever two persons, or more, exchange messages they are engaged in _____. This process starts from the _____ who has a message for the _____. As the message passes from one person to another it may be _____ and the _____ of the message may change. The official communication in an organisation is the _____ communication. In contrast _____ communication can flow in any direction. _____ are a powerful communication tool which have facilitated business operations. (8)

- (b) State the main role of the following:
- (i) Malta Resource Authority;
 - (ii) National Audit Office of Malta;
 - (iii) Malta Standards Authority;
 - (iv) The Malta Chamber of Commerce, Enterprise and Industry. (4)
- (c) List the main features of job and mass production systems. (4)
- (d) What are the implications of overstocking and understocking? (4)

(Total: 20 marks)

4. (a) Choose the correct word/phrase from the following table to complete the sentences below. Each word/phrase is to be used only once. Write the complete sentences on the booklet provided. (6)

responsibility	quality of work	recognition
money	management	respect

According to Maslow’s human pyramid, a person would carry out efficient work if one has the _____ and _____. Herzberg added also _____ to the factors put forward by Maslow. Furthermore, McGregor argued that even the _____ had an effect on the employee’s performance. One management style believes that _____ is a motivator whilst the other style promotes _____.

- (b) List **FIVE** items that should be outlined in the contract of employment. (5)
- (c) Explain the following terms, giving an example:
- (i) General unions;
 - (ii) Craft unions;
 - (iii) White collar unions;
 - (iv) Industrial unions. (6)
- (d) The demographics in Malta have recently changed particularly due to the high inflow of migrants. Evaluate **THREE** ways through which the businesses have gained from this situation. (3)

(Total: 20 marks)

Please turn the page.

5. (a) Choose the correct word/phrase from the following table to complete the sentences below. Each word/phrase is to be used only once. Write the complete sentences on the booklet provided.

long term liability	working capital	net profit
fixed assets	current liabilities	sales
creditors	capital	current assets

Gianni started a business putting his savings as _____. He used these funds to acquire the _____ of the business. However, his personal funds were insufficient to finance all the capital expenditure and he had to obtain a bank loan. The bank loan is a _____ as it is repayable after five years. Moreover, Gianni negotiated an overdraft facility to finance the _____ requirements. A thirty-day period is allowed by the trade _____ for the payment of the account. Bank overdraft and trade payables are _____, whereas inventory and cash are _____. Gross profit is the difference between _____ and cost of sales, and the profit after deducting all expenses is _____.

(9)

- (b) At the end of the financial year, the accountant presented the financial ratios to the business owners, together with the industry average. These were:

Ratio	Business ratio	Industry average
Return on capital employed	23%	20%
Gross profit margin	17%	25%
Quick asset ratio	0.8:1	1.5:1
Stock turnover ratio	12 times	16 times

Suggest **ONE** possible reason for each difference. (4)

- (c) Distinguish between profitability and liquidity. (4)
 (d) What is a budget and why is it important? (3)

(Total: 20 marks)

6. (a) Choose the correct word/phrase from the following table to complete the sentences below. Each word/phrase is to be used only once. Write the complete sentences on the booklet provided. (6)

planned	international	prices
barriers	market	production

The purpose of economic activity is to satisfy human needs and wants. In a _____ economy there is little government intervention or central planning. A _____ economy system is one in which the government controls and regulates _____, distribution and _____. _____ trade is the exchange of goods and services and capital among various countries without much restrictions. Custom _____ are measures to restrict trade and to make trade more difficult.

- (b) Identify and explain **THREE** reasons why an economy functions better as a mixed economic system. (6)
 (c) Evaluate, giving **ONE** reason, when it is time for an entrepreneur to liquidate a business. When might the entrepreneur be encouraged to do so? (4)
 (d) Link the chain of command to the span of control needed in a large entity. (4)

(Total: 20 marks)