



SUBJECT: **Business Studies**
 PAPER NUMBER: I
 DATE: 10th May 2023
 TIME: 9:00 a.m. to 11:05 a.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) Define non-current assets and current liabilities and give **TWO** examples of **each**. (4)
 (b) Distinguish between profitability and liquidity. (2)
 (c) The Financial Statements of COF plc as at 31 December 2022 showed the following information:

Table 1

Gross Profit	€140,000
Net Profit	€75,000
Sales	€250,000
Purchases	€80,000

From the figures in Table 1 above, calculate the company's:

- (i) Gross Profit Margin (%); and (2)
 (ii) Net Profit Margin (%). (2)

(Total: 10 marks)

2. (a) Differentiate between a fixed and variable cost. (2)
 (b) Explain what is a budget and why it is important. (3)
 (c) Give **ONE** example of a cash inflow and **ONE** example of a cash outflow for a business. (2)
 (d) List **TWO** main business objectives of a company and explain **ONE** of them. (3)

(Total: 10 marks)

3. (a) Define an organisation chart and draw a tall organisation chart. (4)
 (b) Define the terms tariffs, subsidies and quotas. (3)
 (c) Mention **ONE** aim of organisations found in the public sector. (1)
 (d) Distinguish between limited liability and unlimited liability. (2)

(Total: 10 marks)

4. (a) Define the term Balance of Payments. (2)
 (b) List **THREE** short-term measures a country can adopt to finance a balance of payments deficit. (3)
 (c) Explain what is a break-even chart. (2)
 (d) Illustrate, using a sketch diagram, the break-even chart, clearly indicating the break-even point and the area of loss. (3)

(Total: 10 marks)

Please turn the page.

5. (a) Define self-actualisation, which forms part of Maslow's hierarchy of needs. (2)
(b) Distinguish between McGregor's Theory X and Theory Y, highlighting the management style adopted under **each** theory. (4)
(c) List **TWO** items that should be included in a contract of employment. (2)
(d) Explain the term 'white collar union' and give **ONE** example of such a union. (2)
(Total: 10 marks)
6. (a) Define the term communication. (2)
(b) List **TWO** uses of communication. (2)
(c) Differentiate between internal and external communication, giving **ONE** example of **each** for a gaming company. (4)
(d) Name and explain **ONE** problem in communication. (2)
(Total: 10 marks)
7. (a) Define marketing mix. (2)
(b) Distinguish between 'price skimming' and 'equilibrium price' for price setting of a product on the market. (4)
(c) Explain any **TWO** of the original four Ps of the marketing mix. (3)
(d) Give **ONE** example of primary market research. (1)
(Total: 10 marks)
8. (a) List **TWO** ways by which a business would be ethical towards its employees. (2)
(b) Describe **TWO** ways how Jobsplus can help persons achieve their employment goals. (4)
(c) The Malta Stock Exchange facilitates the transfer of shares and debentures. Distinguish between shares and debentures. (4)
(Total: 10 marks)



SUBJECT:	Business Studies
PAPER NUMBER:	IIA
DATE:	11 th May 2023
TIME:	9:00 a.m. to 11:05 a.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 of the booklet provided.

SECTION A

Compulsory question.

- Over two years have passed since the United Kingdom (UK) left the European Union (EU), and a year later, from the establishment of the EU-UK Trade and Cooperation Agreement (TCA). What has been the impact of these developments on Maltese firms?

A survey with Maltese non-financial companies (NFCs) was conducted to collect information on the impact of Brexit on their costs and trade patterns. Responses were received from firms covering all major economic sectors and firms of different sizes. The firms participating in the survey import from the UK more than they export. A sectoral breakdown shows that respondents in the manufacturing sector are the most exposed to the UK while the construction and real estate sector is the least exposed.

Overall, slightly more than half of the responding firms were not impacted by Brexit, while the remaining companies noted that the impact of Brexit on their company was either 'negative' or 'very negative'. Such negative replies were more frequently noted among small and medium sized firms, and among firms in the manufacturing and wholesale and retail sectors.

The survey asked firms on how they were impacted by Brexit based on seven different criteria. The most common effects reported by those impacted by Brexit were increases in costs and regulations, longer lead times and lower availability of inputs and demand. In fact, the absolute majority of companies impacted by Brexit reported an increase in their input costs. These costs include transport costs and raw material prices, as well as other fees charged.

The findings indicate that increasing regulations and costs are major concerns for all firms irrespective of their size, although higher costs are less of an issue for large firms, perhaps due to healthier finances and economies of scale. Brexit appears to have had a bigger impact on imports than on exports. In fact, over half of the companies interviewed across all sectors have lowered their imports from the UK, while only a small share of companies reduced exports. Medium-sized companies were more likely to report a decrease in imports from the UK.

Text adapted from "The Impact of Brexit on Maltese Firms", W. Deguara, E.M. Brincat, A. Muscat.
(Source: The Malta Business Weekly, September 2022)

This question continues on next page.

- a) What is Brexit? (2)
- b) Which are the **THREE** economic stages of business activity? Describe **each** stage. (6)
- c) Business and economic activity seek to satisfy consumer's needs. Explain **each** of the following with regard to economic activity:
 - (i) scarcity and choice; (2)
 - (ii) allocation of resources; and (2)
 - (iii) opportunity cost. (2)
- d) Firms of different sizes participated in the survey. Mention **FOUR** ways that can be used to measure the size of a business. (2)
- e) Distinguish between imports and exports. (2)
- f) "A sectoral breakdown shows that respondents in the manufacturing sector are the most exposed to the UK while the construction and real estate sector is the least exposed." Explain why this is so. (2)
- g) "Higher costs are less of an issue for large firms, perhaps due to healthier finances and economies of scale." What is meant by economies of scale? (2)
- h) Distinguish between internal and external economies of scale. (4)
- i) Following Brexit firms experienced an increase in transport cost and raw material prices. Mention **FOUR** important factors that are to be considered when choosing the right supplier for your business. (4)

(Total: 30 marks)

SECTION B

This section consists of five questions.

Answer any THREE questions from this section.

- 2. a) Define barter system. Explain why this system is unsuitable for today's economic activity. (3)
- b) List **THREE** functions of money and describe **TWO** of these functions. (5)
- c) Explain **FOUR** functions of the Central Bank of Malta. (8)
- d) Mention **FOUR** products/services offered by commercial banks. (4)

(Total: 20 marks)

- 3. a) Define production chain. (2)
- b) Explain the main features of job, batch and mass production systems. In **each** case, mention **ONE** product for which that production system would be suitable. (9)
- c) Mention **THREE** factors that a business should consider when choosing the location of its business. (3)
- d) Describe the **THREE** steps in quality control. (6)

(Total: 20 marks)

- 4. a) Name and explain **THREE** differences between 'democratic' and 'autocratic' leadership styles. (6)
- b) What is the difference between the process of arbitration and the process of conciliation in resolving disputes? (4)
- c) There are different restrictive practices that a Trade Union can impose on members. List **THREE** types of restrictive practices and briefly explain **each** one. (6)
- d) Mention **FOUR** 'non-financial incentives' that can improve the motivation of employees. (4)

(Total: 20 marks)

5. a) Distinguish between 'mass' marketing and 'niche' marketing. (2)
- b) Sketch the product life-cycle curve and explain the **SIX** different stages that a product would go through. (8)
- c) Define 'promotion' and give **FOUR** examples of how Malta can be promoted as a holiday destination. (6)
- d) How do pressure groups influence business operation? Give **TWO** examples of actions taken by such groups in relation to care of the environment and sustainability of resources. (4)

(Total: 20 marks)

6. a) What is meant by "Public-Private Partnership"? Give **ONE** example of a public-private partnership in Malta. (2)
- b) (i) Identify **ONE** advantage of nationalisation and **ONE** advantage of privatisation. (2)
- (ii) Give **ONE** advantage of a franchisee and **ONE** advantage of a franchisor. (2)
- c) Mention **THREE** users of financial information. For **each** user mentioned, explain why they require this financial information. (6)
- d) Discuss the differences between a sole-proprietor and a public limited liability company with regards to:
- (i) ownership; (2)
- (ii) sources of finance; (2)
- (iii) liability of owners; and (2)
- (iv) control. (2)

(Total: 20 marks)



SUBJECT:	Business Studies
PAPER NUMBER:	IIB
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TIME:	9:00 a.m. to 11:05 a.m.

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

SECTION A

Compulsory question.

- Over two years have passed since the United Kingdom (UK) left the European Union (EU), and a year later, from the establishment of the EU-UK Trade and Cooperation Agreement (TCA). What has been the impact of these developments on Maltese firms?

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The findings indicate that increasing regulations and costs are major concerns for all firms irrespective of their size, although higher costs are less of an issue for large firms, perhaps due to healthier finances and economies of scale. Brexit appears to have had a bigger impact on imports than on exports. In fact, over half of the companies interviewed across all sectors have lowered their imports from the UK, while only a small share of companies reduced exports. Medium-sized companies were more likely to report a decrease in imports from the UK.

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(Source: The Malta Business Weekly, September 2022)

- What is Brexit? (2)
- Which are the **THREE** economic stages of business activity? Describe **each** stage. (6)
- Business and economic activity seek to satisfy consumers' needs. Explain **each** of the following in relation to economic activity:
 - scarcity and choice; (2)
 - allocation of resources; and (2)
 - opportunity cost. (2)
- Distinguish between imports and exports. Name **TWO** products/services imported to Malta and **TWO** products/services exported by Malta. (4)
- What is meant by economies of scale? (2)
- Mention **TWO** important factors that are to be considered when choosing the right supplier for your business. (2)

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- g) List **TWO** measures applied by the European Union (EU) to ensure that Maltese businesses follow its trade practices. (2)
- h) Mention **TWO** possible negative consequences arising from inefficient stock control. (2)
- i) Distinguish between the re-order stock level and the minimum stock level. (4)

(Total: 30 marks)

SECTION B

This section consists of five questions.

Answer any THREE questions from this section.

2. a) Choose the correct word from the following table to complete the sentences below. Each word may be used only once. Write the answers on the booklet provided. (8)

settlement	value	credit	wants
wealth	future	barter system	medium

The ____ (i) ____ involves the exchange of goods or services for other goods or services in ____ (ii) ____ of a transaction. For this system to work, there must be a double coincidence of ____ (iii) ____, which is avoided with the use of money since the latter is considered as a ____ (iv) ____ of exchange. Measure of ____ (v) ____ and store of ____ (vi) ____ are two other functions of money, which are usually problematic to achieve with an exchange of goods and services. Another problem of this system is that people would unlikely accept to sell goods on ____ (vii) ____ since one would not know the ____ (viii) ____ values of commodities.

- b) Define depreciation. (2)
- c) List **FOUR** functions of the Central Bank of Malta and explain **TWO** of these functions. (6)
- d) Mention **FOUR** products/services offered by commercial banks. (4)

(Total: 20 marks)

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

performance	purchasing	quality
reliable	finance	liquidity

The ____ (i) ____ department uses profitability and ____ (ii) ____ ratios to interpret the business ____ (iii) ____ . The ____ (iv) ____ department needs to find ____ (v) ____ suppliers to buy materials from them to ensure good ____ (vi) ____ products.

- b) Define production chain. (2)
- c) Explain the main features of job, batch and mass production systems. In **each** case, mention **ONE** product for which that production system would be suitable. (9)
- d) Mention **THREE** factors that a business should consider when choosing the location of its business. (3)

(Total: 20 marks)

4. a) Choose the correct word from the following table to complete the sentences below. Each word may be used only once. Write the answers on the booklet provided. (8)

democratic	hygiene	participate	autocratic
dislike	respect	motivation	decisions

In a work environment, a manager can either encourage employees to _____ (i) _____ in the decision-making process, that is, engage in _____ (ii) _____ leadership, or else, decide to take all _____ (iii) _____ themselves. The latter is adopted by an _____ (iv) _____ leader. When managers believe that their team members _____ (v) _____ their work and have little _____ (vi) _____, an authoritarian style of leadership is more likely to be used. Fringe benefits and security at the place of work are two examples of _____ (vii) _____ factors of motivation, whilst self-confidence and _____ (viii) _____ are examples of Maslow’s esteem needs.

- b) What is the difference between the process of arbitration and the process of conciliation in resolving disputes? (4)
- c) There are different restrictive practices that a Trade Union can impose on members. List and briefly explain **TWO** types of restrictive practices. (4)
- d) Mention **FOUR** ‘non-financial incentives’ that can improve the motivation of employees. (4)

(Total: 20 marks)

5. a) Choose the correct word from the following table to complete the sentences below. Each word may be used only once. Write the answers on the booklet provided. (8)

declines	growth	developed	saturation
marketing	product	planning	market

The _____ (i) _____ life cycle is the process a product goes through from when it is being _____ (ii) _____ until it _____ (iii) _____ or is removed completely from the _____ (iv) _____. There are several stages that the product goes through in this cycle, namely, the development, introduction, _____ (v) _____, maturity, _____ (vi) _____ and decline stage. The product life cycle is an important tool for the _____ (vii) _____ department, especially for _____ (viii) _____ and control purposes.

- b) Distinguish between ‘mass’ marketing and ‘niche’ marketing. (2)
- c) Define ‘promotion’ and give **FOUR** examples of how Malta can be promoted as a holiday destination. (6)
- d) How do pressure groups influence business operations? Give **TWO** examples of actions taken by such groups in relation to care of the environment and sustainability of resources. (4)

(Total: 20 marks)

Please turn the page.

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

franchisor	advertising	scale
expanded	agreement	franchisee

A franchise is an _____ (i) _____ in which one business, the franchisee, buys the right to sell the goods or services of the _____ (ii) _____, and is allowed to use the franchisor’s name. On the one hand, by going into a franchise, the _____ (iii) _____ gets free _____ (iv) _____ and has lower risk. On the other hand, the franchisor gains economies of _____ (v) _____ and can be _____ (vi) _____ faster.

- b) Mention **TWO** users of financial information. For **each** user mentioned, explain why they require this financial information. (4)
- c) Identify **ONE** advantage of nationalisation and **ONE** advantage of privatisation. (2)
- d) Discuss the differences between a sole-proprietor and a public limited liability company in relation to:
- (i) ownership; (2)
 - (ii) sources of finance; (2)
 - (iii) liability of owners; and (2)
 - (iv) control. (2)

(Total: 20 marks)