MATRICULATION AND SECONDARY EDUCATION CERTIFICATE EXAMINATIONS BOARD
UNIVERSITY OF MALTA, MSIDA

SECONDARY EDUCATION CERTIFICATE LEVEL

MAY 2012 SESSION

SUBJECT:	**Commerce**
PAPER NUMBER:	I
DATE:	25th May 2012
TIME:	9:00 a.m. to 11:00 a.m.

Answer ALL questions.

1. *"The government uses certain policies as tools of managing and controlling the economy."*

   (a) Name the **two** different types of policies that are referred to in the above statement.
   (4 marks)

   (b) How can the government help exporters? *(6 marks)*

   (c) Describe *three* problems faced by exporters when selling their goods abroad.
   (6 marks)

   (d) Why do countries trade with each other? *(4 marks)*

   (Total 20 marks)

2. *"Companies are safer than sole traders and partnerships."*

   (a) State why the above statement is true. *(3 marks)*

   (b) What is the <u>common</u> characteristic of the above three mentioned types of business organisations? *(3 marks)*

   (c) Besides the one mentioned in your answer to part (a) above, give *three* other advantages of a company. *(6 marks)*

   (d) Public and private companies are different in certain aspects. Mention *two* of these differences. *(4 marks)*

   (e) What is a *public corporation*? Give *two* examples of a Maltese public corporation.
   (4 marks)

   (Total 20 marks)

3. *"Commercial Banks are an important aid to trade."*

    (a) Mention *three* commercial banks found in Malta. *(3 marks)*

    (b) Explain *three* services offered by commercial banks. *(3 marks)*

    (c) What is a *crossed cheque*? *(2 marks)*

    (d) Explain the difference between a *debit card* and a *credit card*. *(4 marks)*

    (e) Describe *two* functions of the *Central Bank of Malta*. *(4 marks)*

    (f) What is the difference between the *Stock Exchange* and the *Rate of Stock Turnover*? *(4 marks)*

    (Total 20 marks)

4. *"Many things can be insured but there are certain things that cannot be insured."*

    (a) Mention *two* risks that a business can insure against and *two* others that are uninsurable. *(4 marks)*

    (b) Name the *four principles of insurance* and explain *two* of them. *(6 marks)*

    (c) The *proposal*, the *policy* and the *claim* are three documents used in insurance. What does each of these documents contain? *(6 marks)*

    (d) What is the difference between *market research* and *sales promotion*? *(4 marks)*

    (Total 20 marks)

5. Explain the difference between the following terms:

    (a) Ordinary Shares and Debentures

    (b) Nominal and Market Value

    (c) An Invoice and a Credit Note

    (d) Tariffs and Quotas

    (2 marks each)

    (Total 8 marks)

6. State briefly the main functions of each of the following organisations:

    (a) The Malta Enterprise

    (b) The Malta Freeport

    (c) Malta Maritime Authority

    (d) Malta Chamber of Commerce *(3 marks each)*

    (Total 12 marks)

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SECONDARY EDUCATION CERTIFICATE LEVEL

MAY 2012 SESSION

SUBJECT:	**Commerce**
PAPER NUMBER:	IIA
DATE:	28th May 2012
TIME:	9:00 a.m. to 11:00 a.m.

Answer any FOUR questions. All questions carry equal marks.

1. *The following is a summarised balance sheet of Peter Bango as at 31 December 2011:*

Balance Sheet as at 31 December 2011

	€
Non-Current (Fixed) Assets:	220 000
Current Assets	45 000
Total Assets	265 000
Capital and Liabilities	
Capital	230 000
Long Term Liabilities	25 000
Current Liabilities	10 000
Capital and Liabilities	265 000

(a) Explain the difference between *assets* and *liabilities*. Give *two* examples of each. *(6 marks)*

(b) Distinguish between *fixed* (non-current) and *current* assets. Give *one* example of each.
(6 marks)

(c) Commercial banks provide businesses with both *short* and *long-term finance*. Explain the difference between the two and give *one* example of each. *(4 marks)*

(d) What type of business organisation is the above? Mention *two* advantages and *two* disadvantages of this type of business organisation. *(5 marks)*

(e) Name and state the method used to calculate *two* ratios which check a firm's

(i) *profitability*
(ii) *liquidity position.* *(4 marks)*

(Total 25 marks)

2. *"Transport is an essential part of commerce, and as economic activity becomes more complex so the importance of transport increases."*

   (a) State *five* factors that should be taken into consideration when a business is choosing a method of transport. *(5 marks)*

   (b) Explain why large manufacturing businesses choose road transport to deliver their goods to their retail outlets. *(4 marks)*

   (c) Give *three* disadvantages of road transport. *(6 marks)*

   (d) What are the characteristics of an efficient means of transport? *(4 marks)*

   (e) List *two* examples of cargo for which you think air transport is particularly suited, giving reasons to justify your answer. *(6 marks)*

   (Total 25 marks)

3. *"Production can be divided into primary, secondary and tertiary."*

   (a) What is meant by *primary*, *secondary* and *tertiary* production? Give an example of each. *(9 marks)*

   (b) State briefly what you understand by *division of labour*. *(4 marks)*

   (c) By giving examples, explain *three* advantages and *three* disadvantages of using division of labour in the production of a commodity. *(6 marks)*

   (d) Nowadays, when we talk about money, one cannot just think about coins and notes. Today many things are used instead of coins and notes. Mention *two* other forms of money widely used in today's business world. *(2 marks)*

   (e) Mention *four* functions of money. *(4 marks)*

   (Total 25 marks)

4. *"Having decided what to produce and how to produce it, the businessperson needs to bring one's product closer to the public. Advertising is one way of doing it."*

   (a) What is *advertising* and what is its purpose? *(5 marks)*

   (b) Mention *four* means of advertising. *(4 marks)*

   (c) Give *two* arguments in favour and *two* arguments against advertising. *(8 marks)*

   (d) Name two different *persuasive adverts* that you have recently seen and explain how these adverts are trying to persuade people to buy the product. *(8 marks)*

   (Total 25 marks)

5. *"Malta joined the European Union in 2004.*

   (a) Mention *five* characteristics of the European Union. *(5 marks)*

   (b) Mention *four* countries that were amongst the founders of the EU. *(4 marks)*

   (c) Most members of the European Union have adopted the Euro as their monetary currency. Give *four* advantages of having the Euro as their currency. *(4 marks)*

   (d) Mention at least *two* <u>other</u> advantages and *two* disadvantages of being a member of the EU. *(8 marks)*

   (e) How many members, to date, have joined the EU and how many members are in the Euro zone? *(4 marks)*

   (Total 25 marks)

6. Write short notes on *five* of the following:

   (a) Functions of the retailer;

   (b) Commercial banks;

   (c) Balance of Payments;

   (d) Nature and purpose of insurance;

   (e) Consumer protection;

   (f) Partnerships;

   (g) NGOs.

   (5 x 5=25 marks)

7. *"During the years we have seen a lot of changes in the retail trade. Nowadays some retailing is done without shops".*

   (a) List *five* types of retailers in today's business world. *(5 marks)*

   (b) Discuss why consumers might prefer to shop over the Internet rather than visit retail outlets. *(6 marks)*

   (c) How do small mini-markets still manage to survive in big cities where there are large supermarkets? *(4 marks)*

   (d) Give *four* examples of businesses which eliminate both the wholesaler and retailer. *(4 marks)*

   (e) Describe the functions of the wholesaler. *(6 marks)*

   (Total 25 marks)

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SECONDARY EDUCATION CERTIFICATE LEVEL

MAY 2012 SESSION

SUBJECT:	**Commerce**
PAPER NUMBER:	IIB
DATE:	28th May 2012
TIME:	9:00 a.m. to 11:00 a.m.

SECTION A: Answer ALL questions in this section.

1. *Write your answers on the booklet provided.*

- Four factors that should be taken into consideration when a business is choosing a method of transport are urgency,_____(a)_____, _____(b)_____and _____(c)_____ . Large businesses choose road transport to deliver their goods to retail outlets because it is the most _____(d)_____ and _____(e)_____ method. Air transport is suitable for _____(f)_____ items and items that are_____(g)_____.

- The purpose of advertising is to_____(h)_____ people about the goods that are available and to _____(i)_____ them to buy these goods. Five means of advertising goods are T.V., _____(j)_____ , _____(k)_____ , _____(l)_____ , and _____(m)_____ .

- The cost of advertising is included in the _____(n)_____ of the product. Advertising encourages healthy _____(o)_____ between suppliers and makes _____(p)_____ production possible. The main disadvantage of advertising is that it makes people buy what they don't _____(q)_____.

- Three types of hidden persuaders in adverts are _____(r)_____, _____(s)_____and _____(t)_____ .

(2 marks each)
(Total 40 marks)

2. *Which term or phrase is best described by each of the following statements?*

(a) Organisations set up not with the intention of maximising profits, but to raise awareness of such things as health, environmental and humanitarian issues.

(b) This type of business usually has between two to twenty owners.

(c) The insurance principle by which a policyholder is compensated for the loss incurred.

(d) BOV and HSBC are examples of this type of bank.

(e) This business buys goods from the wholesaler, breaks bulk and sells the goods to the consumer.

(f) Mention a law (Act) that protects the consumer.

(g) The difference between all the goods/services sold to other countries and the goods/services bought from other countries.

(h) Goods bought from other countries.

(i) Services sold to other countries.

(j) This service to businesses relieves them from some of the risks they face.

(2 marks each)
(Total 20 marks)

3. *The following is a summarised balance sheet of Peter Bango as at 31 December 2011:*

Balance Sheet as at 31 December 2011

	€
Non-Current (Fixed) Assets:	220 000
Current Assets	45 000
Total Assets	265 000
Capital and Liabilities	
Capital	230 000
Long Term liabilities	25 000
Current Liabilities	10 000
Capital and Liabilities	265 000

(a) State whether the following are assets or liabilities.
    (i)   Motor Vehicles
    (ii) Loan
    (iii) Inventory (stock) of goods for re-sale
    (iv) Creditors
    (v) Cash in hand
    (vi) Machinery   *(6 marks)*

(b) Commercial banks provide businesses with both short and long-term finance. What do you understand by the term *"finance"*? Give **one** example of each.   *(4 marks)*

(c) What type of business organisation is the above? Mention **two** advantages and **two** disadvantages of this type of business organisation.   *(5 marks)*

(d) Calculate the following two ratios for Peter Bango's business, given that inventory (stock) was valued at €10,000:
    (i)   Acid-Test Ratio
    (ii) Current Ratio   *(5 marks)*
                                                (Total 20 marks)

SECTION B: Answer only ONE question in this section.

4. "*During the years we have seen a lot of changes in the retail trade. Nowadays some retailing is done without shops*".

    (a) List **four** types of retailers in today's business world.   *(4 marks)*

    (b) Give **three** reasons why consumers might prefer to shop over the Internet rather than visiting retail outlets.   *(6 marks)*

    (c) How do small mini markets still manage to survive in big cities where large supermarkets are also present?   *(4 marks)*

    (d) Give **two** examples of businesses which eliminate both the wholesaler and the retailer.
                                                  (2 marks)

    (e) Describe **two** functions of the wholesaler.   *(4 marks)*
                                                (Total 20 marks)

5. "*Malta joined the European Union in 2004.*"

    (a) In which year was the European Union formally established?   *(2 marks)*

    (b) Mention **two** countries that were amongst the founders of the EU.   *(4 marks)*

    (c) Most members of the European Union have adopted the Euro as their monetary currency. Give **two** advantages of having the Euro as their currency.   *(4 marks)*

    (d) Mention at least **two** <u>other</u> advantages and **one** disadvantage of being a member of the EU.   *(6 marks)*

    (e) How many members, to date, have joined the EU and how many members are in the Euro zone?   *(4 marks)*
                                                  (Total 20 marks)

6.   *"Production can be divided into primary, secondary and tertiary."*

   (a) Mention **two** examples of industries found in each of the following: *primary*, *secondary* and *tertiary* production.   *(6 marks)*

   (b) What is *division of labour*?   *(4 marks)*

   (c)   Give **two** advantages and **two** disadvantages of division of labour in the production of a commodity.   *(4 marks)*

   (d) Mention **two** other forms of money, besides notes and coins, which are widely used in today's business world.   *(2 marks)*

   (e) Mention **four** functions of money.   *(4 marks)*
                                                                                                   (Total 20 marks)