

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

**SECONDARY EDUCATION CERTIFICATE LEVEL**

**MAY 2016 SESSION**

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SUBJECT:	<b>Commerce</b>
PAPER NUMBER:	<b>I</b>
DATE:	2 <sup>nd</sup> May 2016
TIME:	9:00 a.m. to 11:05 a.m.

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**Answer ALL questions.**

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

1. *John and James Cooper are the owners of a retail business, selling groceries and vegetables, in Marsascala. The following information relates to the year ended 31<sup>st</sup> December 2015:*

	€
<i>Turnover</i>	600,000
<i>Cost of Sales</i>	300,000
<i>Expenses</i>	100,000
<i>Current Assets at 31.12.15(including inventory)</i>	40,000
<i>Inventory at 31.12.15</i>	10,000
<i>Current Liabilities at 31.12.15</i>	20,000
<i>Owners' Capital at 1.1.15</i>	500,000

- (a) From the above information, calculate, to 1 decimal place where applicable:
- (i) The *Gross Profit*; (1 mark)
  - (ii) The *Net Profit*; (1 mark)
  - (iii) The *Gross Profit as a percentage of Sales*; (2 marks)
  - (iv) The *Net Profit as a percentage of Sales*; (2 marks)
  - (v) The *Net Profit as a percentage of owners' capital*; (2 marks)
  - (vi) The *Current Ratio*; (2 marks)
  - (vii) The *Acid-Test ratio*. (2 marks)
  - (viii) The *Rate of Stock (inventory) Turnover*, given that the inventory at 1.1.15 was €20,000. (2 marks)
- (b) What is this type of business called? (1 mark)
- (c) Mention **three** advantages of this type of business when compared to a *sole trader*. (3 marks)
- (d) State **two** disadvantages of this business when compared to a *company*. (2 marks)

**(Total 20 marks)**

2. “Malta’s trade deficit decreased to €28.4 Million in October of 2015, from €321 Million in the corresponding month of 2014, the lowest since November 2013. Imports decreased by 49.8%, due to a fall in machinery and transport equipment and mineral fuels. Exports increased by 2.6 %, mainly driven by food.”

([www.tradingeconomics.com/malta/balance-of-trade](http://www.tradingeconomics.com/malta/balance-of-trade))

- (a) How are the *Balance of Trade* and *Balance of Payments* calculated? (2+3 marks)
- (b) Give **two** examples of each of the following in the Maltese context:
- (i) Invisible imports
  - (ii) Invisible exports
  - (iii) Visible imports
  - (iv) Visible exports (4 marks)
- (c) Mention and explain **two** *barriers to trade*. (6 marks)
- (d) What are *EFTA* and *NAFTA* and what do their abbreviations stand for? (1+2+2 marks)

**(Total 20 marks)**

3. “Good technology is the best way to encourage people to stop using cash and cheques in favour of more secure and less costly methods of payment.”

(*Times of Malta* 17<sup>th</sup> December 2015)

- (a) List **three** advantages, to a business, of using *internet banking*. (3 marks)
- (b) Besides the advantages of using the *internet* mentioned in your answer to part (a) above, mention **three** other advantages, to a business, of using the *internet*. (3 marks)
- (c) Mention **three** instances for *dishonouring* a cheque. (3 marks)
- (d) What is the difference between a *bank draft* and a *bank overdraft*? (1+2 marks)
- (e) Explain the following banking services:
- (i) *Credit transfer*
  - (ii) *Standing order* (4 marks)
- (f) Explain the difference between a *credit card* and a *debit card*. (4 marks)

**(Total 20 marks)**

4. “*Scotts Supermarkets is a chain of 8 stores across Malta. By offering our customers everything from those daily essentials to particular items for special occasions, we set ourselves apart from the rest. We stand out for our great products, special offers and fair prices.*”

(www.scotts.com.mt)

- (a) Mention **three** advantages of *large supermarkets* like Scotts. (3 marks)
- (b) Why do *small shops* still exist in Malta? (3 marks)
- (c) Compare and contrast *on-line shopping* with *vending machines*. (4 marks)
- (d) What is *sales promotion* and what is its purpose? (2+2 marks)
- (e) Mention **three** functions of the *retailer* and **three** functions of the *wholesaler*. (3+3 marks)

(Total 20 marks)

5. “*The entire economic, social and political life of a modern country depends upon an efficient system of transport.*”

(www.yourarticlelibrary.com)

- (a) Why is an efficient transport system important in commerce? (3 marks)
- (b) Mention **six** factors that a business needs to consider when transporting its goods to the customer. (3 marks)
- (c) Mention **two** types of goods that are transported by means of *pipelines*. (2 marks)
- (d) What are the advantages of using *containerisation*? (2 marks)
- (e) Mention **four** functions of the *Malta Freeport*. (4 marks)
- (f) Explain the purpose of the following documents which are used in International Trade:
  - (i) Bill of Lading;
  - (ii) Certificate of Origin;
  - (iii) Freight Note. (2+2+2 marks)

(Total 20 marks)

**END OF PAPER**

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**SECONDARY EDUCATION CERTIFICATE LEVEL**

**MAY 2016 SESSION**

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SUBJECT:	<b>Commerce</b>
PAPER NUMBER:	IIA
DATE:	2 <sup>nd</sup> May 2016
TIME:	4:00 p.m. to 6:05 p.m.

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**Answer any FOUR questions. All questions carry equal marks.**

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

1. *“The First Hall Civil Court presided over by Mr Justice Joseph Azzopardi in the case ‘AJD Tuna Ltd v Citadel Insurance plc’ held, among other things, that the insurance company was not bound to reimburse the damages once the assured had taken unnecessary risks.”*

*(Times of Malta, 19<sup>th</sup> October 2015)*

- a) Explain the risks that are non-insurable. *(6 marks)*
- b) What is the difference between a *Whole Life* insurance policy and an *Endowment* insurance policy? *(6 marks)*
- c) Why is *insurance* important for businesses and the economy as a whole? *(13 marks)*

***(Total 25 marks)***

2. *“GO shareholders have been encouraged to sell their shares should a buyer come along, making the telecommunications company much more attractive to sell than if only EIT’s (Emirates International Telecommunications) 60% shareholding were on offer.”*

*(Times of Malta, 30<sup>th</sup> October 2015)*

- a) Compare and contrast *Ordinary Shares* and *Preferences Shares*. *(10 marks)*
- b) Explain the differences and similarities between *Private Companies* and *Public Companies*. *(15 marks)*

***(Total 25 marks)***

3. *“The Minister of the Economy, accompanied by Dr. Mario Vella Executive Chairman of Malta Enterprise and Mr Cain Grech, Manager Policy and Administration at Business First visited Idroplast Ltd. and D-Square Ltd., two companies that in the last two years have been successful and benefited from assistance offered by Malta Enterprise and Business First.”*

*(www.maltaenterprise.com, 21<sup>st</sup> October 2015)*

- a) Explain the role of the *Malta Enterprise*. (5 marks)
- b) Differentiate between the **two** types of *specialisation* and describe the advantages and disadvantages of each. (20 marks)

**(Total 25 marks)**

4. *“This is for the attention of all those who pay for their advertisements to be delivered by post (otherwise known as junk mail). I find these advertisements thrown on the floor of my doorstep, covered in dust and dirt. Obviously, I sweep them up and throw them away. I won’t even handle them, dirty as they are, let alone look them over.”*

*(Times of Malta, 16<sup>th</sup> December 2015)*

- a) Discuss the arguments for and against *advertising*. (5 marks)
- b) Mention **two** advantages and **two** disadvantages of **four** different *types of media*. (8 marks)
- c) Mention **four** types of *hidden persuaders* used in advertising and give an example of each. (12 marks)

**(Total 25 marks)**

5. *When trading, both buyers and sellers use trading documents to make sure that there is no confusion about the transaction that has taken place.*

- a) Name **five** *trading documents*, state each one’s purpose and what information they should contain. (20 marks)
- b) Describe **five** ways by which the government can help businesses. (5 marks)

**(Total 25 marks)**

6. *“The transport watchdog is still waiting for verification from the EU on the latest reports that more Volkswagen models could have the built-in software which misleads testers and alters emissions results. The world’s largest car manufacturer said on Tuesday it had understated the level of carbon dioxide emissions in some 800,000 cars, sold mainly in Europe, making them more expensive to drive than initially thought.*

*(Times of Malta, 6<sup>th</sup> November 2015)*

- a) How does the *Euro* affect the E.U. countries positively and negatively? *(10 marks)*
- b) Besides the arguments mentioned in your answer to part (a) discuss Malta’s advantages and disadvantages of being part of the E.U. *(15 marks)*

***(Total 25 marks)***

7. Write brief notes on any **five** of the following, giving examples whenever possible:

- a) The **three** types of Production;
- b) Services to trade;
- c) NGOs;
- d) Trade Descriptions Act;
- e) Consumer Claims Tribunal;
- f) Public Corporations.

*(5 x 5 marks)*

***(Total 25 marks)***

**END OF PAPER**

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**SECONDARY EDUCATION CERTIFICATE LEVEL**

**MAY 2016 SESSION**

SUBJECT: **Commerce**  
 PAPER NUMBER: **IIB**  
 DATE: **2<sup>nd</sup> May 2016**  
 TIME: **4:00 p.m. to 6:05 p.m.**

**This paper consists of SIX (6) questions.**  
**Answer ALL questions from Section A and ONE question from Section B.**  
**Candidates are to write the question number and letter in the margin provided.**

**SECTION A**  
**Answer All questions in this section**

**QUESTION 1**

**Choose the correct word from the following to complete the sentences. Each word is to be used only once. Write the complete sentences on the booklet provided.**

*(20 x 2 marks each)*

stops	wholesale	insurance	transport
extractive	product	easier	boring
construction	banking	retail	communication
stages	longer	teacher	farming
fishing	manufacturing	services	process

Specialisation by \_\_\_\_\_ occurs when a person produces a good or service from beginning to end, like for example a \_\_\_\_\_. One advantage of this type of specialisation is that the job is less \_\_\_\_\_ while a disadvantage is that it takes \_\_\_\_\_ to learn how to do the whole job. Specialisation by \_\_\_\_\_ occurs when a person does only a part of a job. In this case the job is divided into different \_\_\_\_\_. One advantage of this type of specialisation is that the job is \_\_\_\_\_ to learn while a disadvantage is that if there is a problem at one stage, all production \_\_\_\_\_.

The primary type of production is concerned with the \_\_\_\_\_ industry, for example \_\_\_\_\_ and \_\_\_\_\_. Secondary production is concerned with the \_\_\_\_\_ and \_\_\_\_\_ industry. Tertiary production is concerned with direct \_\_\_\_\_ and commerce. Commerce is then divided into trade and services to trade. Home trade is divided into \_\_\_\_\_ and \_\_\_\_\_. Services to trade includes \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_.

**(Total 40 marks)**

**QUESTION 2**

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

- (a) A document sent by the customer to the supplier to inform the supplier about the quantity of goods the customer would like to purchase and the prices agreed upon.
- (b) A document sent by the customer to the supplier to ask whether certain goods are available and at what price.
- (c) A document sent after the goods have been delivered, showing the cost of the goods just delivered and the amount owing.
- (d) Document sent whenever damaged goods are returned.
- (e) Document sent by supplier to customer ahead of the goods to inform the supplier that the goods have been sent.
- (f) Shows an account of the amounts paid by the customer and any amounts still owing.
- (g) Business organisations that are run by the government, like the Water Services organisation.
- (h) An Act that is there to protect the consumer by prohibiting the false description of goods.
- (i) Organisations that are not owned by the government and their aim is to offer a service free of charge.
- (j) This organisation is there to help businesses in Malta and to promote foreign investment and development in Malta.

(2 marks each)

**(Total 20 marks)**

**QUESTION 3**

- (a) Distinguish between *Ordinary Shares* and *Preference Shares*. (8 marks)
- (b) List **four** differences between *Private Companies* and *Public Companies*. (8 marks)
- (c) Describe **four** ways by which the government can help businesses. (4 marks)

**(Total 20 marks)**



**SECTION B**

Answer **ONE** question from this section

**QUESTION 4**

- (a) State **four** advantages of *advertising*. (4 marks)
- (b) Mention **one** advantage and **one** disadvantage of each of the following types of *advertising media*:
- (i) Newspapers
  - (ii) T.V.
  - (iii) Radio
  - (iv) Billboards
  - (v) Mailshot (10 marks)
- (c) List **four** types of *hidden persuaders* used in advertising and give an example of **two** of them. (6 marks)

**(Total 20 marks)**

**QUESTION 5**

- (a) Explain any **four** *qualities of money*. (4 marks)
- (b) List **eight** countries, besides Malta, that use the *Euro*. (4 marks)
- (c) Mention **three** advantages and **three** disadvantages of using the Euro. (6 marks)
- (d) Besides the advantages and disadvantages mentioned in part (c) of your answer, explain **three** other advantages and **three** other disadvantages of being part of the E.U. (6 marks)

**(Total 20 marks)**

*Please turn the page.*

**QUESTION 6**

Write short notes on any **four** of the following, giving examples whenever possible:

- (a) *Non-insurable risks.*
- (b) *Whole life and endowment policy insurances.*
- (c) *The importance of insurance for businesses and the economy.*
- (d) *Consumer Tribunal.*
- (e) *Barter and its problems.*
- (f) The **three** types of *motor insurance.*

*(4 x 5 marks)*

**(Total 20 marks)**

**END OF PAPER**