

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

SECONDARY EDUCATION CERTIFICATE LEVEL

MAY 2017 SESSION

SUBJECT:	Commerce
PAPER NUMBER:	I
DATE:	8 th May 2017
TIME:	9:00 a.m. to 11:05 a.m.

Answer **ALL** questions.

Write the question number and letter in the margin provided.

1. The following is an extract of the Malta Stock Exchange as at 16th December 2016:

	Closing Price (€)
Bank of Valletta p.l.c. Ord €1.00	2.24
Simonds Farsons Cisk p.l.c. Ord €0.30	6.90
MaltaPost p.l.c. Ord €0.25	2.02

(www.borzamalta.com.mt; 16th December 2016)

- (a) What is the main function of the Stock Exchange? (3)
- (b) According to the extract shown above:
- (i) what does p.l.c. stand for?
- (ii) what is the market value of one MaltaPost share?
- (iii) what is the nominal value of one Bank of Valletta share? (3)
- (c) Name **TWO** other public companies listed on the Malta Stock Exchange. (2)
- (d) List **TWO** similarities and **TWO** differences between Private Companies and Public Companies. (4)
- (e) What are public corporations? Mention **TWO** public corporations found in Malta. (4)
- (f) Explain the difference between the profitability and liquidity of a business. Mention **TWO** profitability ratios and **TWO** liquidity ratios. (4)

(Total: 20 marks)

2. “It was a busy year for GasanMamo Insurance, which held various corporate team-building activities that helped build a stronger and healthier company.”

(Sunday Times of Malta; 18th December 2016)

- (a) What is the purpose of insurance? (2)
- (b) Name **FOUR** principles of insurance. (2)
- (c) Explain **TWO** of the principles of insurance. (4)
- (d) Briefly explain the difference between ‘Third Party, Fire and Theft’ motor insurance and ‘Comprehensive’ motor insurance. (4)
- (e) Briefly explain the following elements of the insurance contract:
 - (i) proposal;
 - (ii) premium;
 - (iii) policy;
 - (iv) claim. (8)

(Total: 20 marks)

3. “Preliminary figures show that Malta registered a trade deficit of €273 million in October, compared to €64.6 million in the same month last year. The National Statistics Office said that provisional data for international trade showed that the trade deficit in October stood at €273 million, up by €208.4 million when compared to the corresponding month of 2015.”

(Times of Malta; 6th December 2016)

- (a) Why is international trade so important for countries? (3)
- (b) What is a trade deficit? (2)
- (c) Mention and briefly explain **THREE** problems that an exporter might face. (6)
- (d) Describe **THREE** ways by which the government can help exporters to overcome these problems. (6)
- (e) State **THREE** functions of the Malta Freeport. (3)

(Total: 20 marks)

4. Study the cheque below then answer questions (a) to (h) below:

BANK OF FILFLA	Date: <u>20 April 2017</u>				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; padding: 5px;"> Pay <u>Robert Calleja</u> </td> <td style="width: 40%; border: 1px solid black; text-align: center; padding: 5px;"> € 900.00 </td> </tr> <tr> <td style="padding: 5px;"> <u>The sum of ninety Euro only.</u> </td> <td style="padding: 5px;"> Mr. Peter Galea </td> </tr> </table>	Pay <u>Robert Calleja</u>	€ 900.00	<u>The sum of ninety Euro only.</u>	Mr. Peter Galea	
Pay <u>Robert Calleja</u>	€ 900.00				
<u>The sum of ninety Euro only.</u>	Mr. Peter Galea				

- (a) What did Mr. Galea forget to include on the cheque above?
(1)
- (b) Give another reason why the above cheque will be dishonoured.
(2)
- (c) State the names of the:
(3)
 - (i) payee;
 - (ii) drawer;
 - (iii) drawee.
- (d) What is the significance of the two vertical parallel lines in the middle of the cheque?
(2)
- (e) What is a cheque counterfoil?
(2)
- (f) Mention **ONE** similarity and **TWO** differences between a bank savings account and a bank current account.
(3)
- (g) Compare and contrast a bank loan and a bank overdraft.
(4)
- (h) Briefly describe the contents of a bank statement.
(3)

(Total: 20 marks)

Please turn the page.

5. “Maltese fuel pumps were twice found to be selling ‘irregular’ diesel last year according to a new study published yesterday by the European Environmental Agency. Out of some 100 samples of diesel taken from Maltese fuel pumps across the island and analysed by the Regulator for Energy and Water Services in accordance with an EU directive, two samples were found to have higher sulphur content than those permitted by the Fuel Quality Directive.”

(www.timesofmalta.com; 22nd December 2016)

- (a) What is the European Union? (3)
- (b) Which EU member state is currently holding the presidency of the council of the EU? (1)
- (c) Which EU member state is planning to leave the EU? (1)
- (d) Give **ONE** reason why the majority of people in the member state given in your answer to part (c) above, have voted to exit the EU. (2)
- (e) What is the Eurozone? (2)
- (f) How many member states have joined the Eurozone? (1)
- (g) List **FOUR** advantages of being in the Eurozone. (4)
- (h) Explain **THREE** advantages of being a member of the EU, besides those mentioned in your answer to part (g) above. (6)

(Total: 20 marks)

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SECONDARY EDUCATION CERTIFICATE LEVEL

MAY 2017 SESSION

SUBJECT:	Commerce
PAPER NUMBER:	IIA
DATE:	10 th May 2017
TIME:	9:00 a.m. to 11:05 a.m.

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

Write the question number and letter in the margin provided.

1. “Shopping on a small screen used to be a bother. But as consumers spend increasingly more of their time glued to their smartphones, retailers are getting savvier (wiser) with offering apps that ease browsing, suggest the right products and simplify the purchase to one tap on the screen. According to Visa’s 2016 Digital Payments Study, the number of Europeans regularly using a mobile device for payments has tripled since 2015.”

(Sunday Times of Malta, 11th December 2016)

- (a) Compare and contrast the functions of the retailer and wholesaler. (10)
- (b) Explain why many small convenience stores are still popular with the public. (6)
- (c) Discuss the different benefits that the internet offers to the following:
- (i) on-line purchasing.
 - (ii) banking.
 - (iii) advertising. (9)

(Total: 25 marks)

2. “The Central Bank of Malta will tomorrow be issuing a €2 commemorative coin under a new ‘From Children in Solidarity’ programme, with the first theme being ‘Solidarity through love’. This is an initiative between the bank, the Ministry for Education and Employment and the Malta Community Chest Fund.”

(Sunday Times of Malta, 4th December 2016)

- (a) Discuss **FIVE** functions of the Central Bank. (10)
- (b) Describe **FIVE** sources of finance for companies. (10)
- (c) List the main contents of the Memorandum of Association of Companies. (5)

(Total: 25 marks)

3. “Uniform metal containers were invented by Malcom McLean, an American trucking magnate, in 1956. Before then goods were shipped as they had been for centuries. Crammed in to the hold of a ship, loose cargo in wooden crates would be loaded and unloaded by vast crews of dockworkers. The process was unwieldy (clumsy), unreliable and so slow that ships often spent longer docked than they did at sea.”

(www.economist.com/blogs/economist-explains, 22nd May 2013)

- (a) Explain the advantages of containerisation. (5)
- (b) Compare and contrast air transport and sea transport. (10)
- (c) Discuss **FIVE** factors that need to be considered before a supplier chooses a method of transport. (10)

(Total: 25 marks)

4. “Maltese companies are being encouraged to attend the Canton Fair, which is celebrating its 60th anniversary next year. The 121st edition of the fair, whose slogan is ‘A bond of friendship, a bridge for trade’, will be held in Guangzhou (China) from April 15 to May 5..... Malta Chamber president Anton Borg said: “It is important to appreciate the changing nature of the role of the Chinese economy in the world. Since China’s economic miracle, it has come a long way from its role as a high cost-effective manufacturer. Today, China is the world’s biggest exporter and the world’s second largest economy. Projections go as far as predicting that it is only a question of time before it will be the largest.”

(Times of Malta, 19th December 2016)

- (a) Compare and contrast partnerships and companies. (10)
- (b) Discuss the advantages and disadvantages of a sole trader. (12)
- (c) Describe the functions of the Malta Chamber of Commerce, Enterprise and Industry. (3)

(Total: 25 marks)

5. The main branches of commerce that provide services to trade and make trade possible are Banking, Finance, Insurance, Transport and Advertising.

- (a) Explain how each one of the above-mentioned services facilitates trade. (15)
- (b) Define ‘specialisation by process’ and outline its advantages and disadvantages. (10)

(Total: 25 marks)

Please turn the page.

6. “Looking back 30 years, no one denies that the world of advertising has changed dramatically. Obviously technology has played a part since it has become an indispensable communication tool. However, I do not believe that developments in technology explain fully what has happened. We need to add changes in demographics, changes in consumer behaviour and attitudes, more creative approaches and the increased importance that is being attached to branding amid other factors. This applies both to Malta and to other countries.”

(Times of Malta, 14th October 2016)

- (a) What is branding? Discuss the importance of branding nowadays. (10)
- (b) Describe each one of the different types of adverts, that is, informative, persuasive, competitive, collective and defensive adverts. (15)

(Total: 25 marks)

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

- (a) Consumer Affairs Act.
- (b) The ways by which the Government can help businesses.
- (c) Market Research.
- (d) The meaning and need of consumer protection.
- (e) Balance of Payments.
- (f) Limited and unlimited liability.

(Total: 25 marks)

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SECONDARY EDUCATION CERTIFICATE LEVEL

MAY 2017 SESSION

SUBJECT:	Commerce
PAPER NUMBER:	IIB
DATE:	10 th May 2017
TIME:	9:00 a.m. to 11:05 a.m.

This paper consists of **SIX** questions.

Answer **ALL** questions from Section A and **ONE** question from Section B.

Write the question number and letter in the margin provided.

SECTION A

Answer ALL questions in this section.

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

commerce	learning by doing	productivity	secondary sector
consumers	manufacture	quality	specialisation
distribution	money	raw materials	tertiary
division of labour	online shopping	repetitive	training
economy	primary sector	retailers	wholesalers

The activity of _____ consists of an exchange of products and services, usually for _____. The concept of exchange provides the basis on which a/an _____ is built. The first sector of the industry is the _____. This is concerned with natural resources and the extraction of _____.

The next sector of industry is the _____. This involves the _____ or refining of goods from raw materials. _____ occurs when workers are given specific tasks within a production process. Workers will require less _____ to be an efficient worker. _____ occurs where production is broken down into many separate tasks. These production processes will raise the output per person as people become skilful through constant repetition of a task, which is known as “_____”. This gain in _____ helps to lower the cost per unit and leads to lower prices for consumers. However, _____ work that requires little skill lowers motivation and productivity. Workers begin to take less pride in their work and _____ suffers.

The third sector of the industry is known as the _____ sector and this is where services are provided to businesses and _____. The _____ of products falls into this sector. _____ sell goods in large quantities to businesses. _____ sell to the public in relatively small quantities for consumption. _____ is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the internet using a web browser.

(Total: 40 marks)

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

- (a) The difference between sales and cost of sales. (2)
- (b) The Maltese organisation whose mission is to actively represent companies from all economic sectors and ensure that entrepreneurs enjoy the best competitive environment and regulatory conditions possible for the conduct of business. (2)
- (c) Advertising used by companies to differentiate its product from that of its competitors. (2)
- (d) The unique name of a product that distinguishes it from other products. (2)
- (e) The common European currency. (2)
- (f) The use of government spending and taxation to influence the economy. (2)
- (g) There is a lot of this between firms producing similar products. (2)
- (h) The process of collecting valuable information to help you find out if there is a market for your proposed product or service. (2)
- (i) The recording of the total value of payments into and out of a country over a period of time. (2)
- (j) A non-profit organization that operates independently of the government, generally to address a social or political issue. (2)

(Total: 20 marks)

3. (a) Identify **FOUR** ways in which the government can help the business sector. (8)
- (b) Explain how a production co-operative is founded and list **TWO** benefits of this business organisation. (8)
- (c) Distinguish between informative and persuasive advertising. (4)

(Total: 20 marks)

SECTION B

Answer only **ONE** question in this section.

4. (a) What is the difference between a limited liability business and an unlimited liability business? (4)
- (b) Differentiate between ordinary shares and preference shares. (4)
- (c) Identify **TWO** advantages and **ONE** disadvantage of a partnership and a sole trader. (12)

(Total: 20 marks)

5. (a) Why is transportation important in the chain of distribution? (2)
- (b) Identify **ONE** disadvantage of air transport and **ONE** disadvantage of sea transport. (4)
- (c) Mention and briefly describe the **FOUR** factors that need to be considered before a supplier chooses a method of transportation. (8)
- (d) What is containerisation? List **TWO** advantages of containerisation. (6)

(Total: 20 marks)

6. (a) Briefly describe **FOUR** functions of the Central Bank of Malta. (8)
- (b) Compare and contrast a debit card and a credit card. (4)
- (c) What are the problems of the Barter System? (2)
- (d) List **TWO** functions of money. (2)
- (e) Explain the following terms:
- (i) Credit transfer.
 - (ii) Standing order. (4)

(Total: 20 marks)