



SUBJECT: **Commerce**
 PAPER NUMBER: I
 DATE: 9th May 2018
 TIME: 9:00 a.m. to 11:05 a.m.

This paper consists of **FIVE** questions of 20 marks each. Answer **ALL** questions.
 Write the question number and letter in the margin provided.

1. The following information was extracted from the books of Audrey Zammit, a sole trader, at 31 December 2017, the end of her financial year:

	€
Sales	140,000
Cost of Sales	63,000
Expenses	28,000
Current Assets (including stock/inventory)	7,500
Stock/Inventory	1,500
Current Liabilities	3,000
Owner's Capital	245,000

- (a) From the above information, calculate the following:
- (i) The Gross Profit; (1)
 - (ii) The Net Profit; (1)
 - (iii) The Gross Profit as a percentage of Sales; (2)
 - (iv) The Net Profit as a percentage of Sales; (2)
 - (v) The Net Profit as a percentage of owner's capital; (2)
 - (vi) The Current Ratio; (2)
 - (vii) The Acid-Test ratio; (2)
 - (viii) The rate of stock (inventory) turnover, given that the stock (inventory) at 1 January 2017 was €6,900. (2)
- (b) Mention **THREE** advantages of Audrey's type of business. (3)
- (c) If Audrey changes her business into a company she will have limited liability. Explain the term limited liability. (3)

(Total: 20 marks)

Please turn the page.

2. During the year ended 31 December 2017, a country reported the following international trade figures:

	€
Invisible imports	140,000,000
Visible imports	820,000,000
Invisible exports	300,000,000
Visible exports	730,000,000

- (a) From the above information, calculate:
- (i) The Balance of Trade; (3)
- (ii) The Balance of Payments on current account (Current Balance). (3)
- (b) Compare and contrast tariffs and quotas. (4)
- (c) Which is the common European currency? Briefly describe **TWO** advantages and **ONE** disadvantage of having a common European currency. (1, 2, 1)
- (d) If the exchange rate is \$1.20 for every €1, how much would it cost a Maltese business person to buy an item worth \$720 from another business person in the USA, giving your answer in Euro? (3)
- (e) If the exchange rate changes to \$1.30 for every €1, would the item bought by the Maltese business person in (d) cost more or less? Give reasons for your answer. (1, 2)

(Total: 20 marks)

3. "Malta Dairy Products Ltd. has launched an updated Benna logo that keeps the elements of past designs but has a more modern and bolder look that reflects the optimism with which the company is looking at the future. The company has also introduced new packaging for all its fresh milk cartons."

(www.timesofmalta.com 4th October 2017)

- (a) What is the purpose of branding? (2)
- (b) Mention **TWO** types of advertising media, stating **ONE** advantage and **ONE** disadvantage for each type of medium chosen. (6)
- (c) Mention and briefly describe **TWO** roles of an advertising agency. (4)
- (d) Mention **THREE** services that commerce offers to traders, apart from advertising. In each case describe briefly in what way it assists trade. (6)
- (e) Where does one have to go in Malta in order to:
- (i) obtain a licence as a commercial agent? (1)
- (ii) process a Certificate of Origin? (1)

(Total: 20 marks)

4. "Christmas is literally round the corner and so are the much-expected January Sales. In a few days' time we will start seeing several retail outlets putting up signs advertising discounted prices. As we hit the streets to buy the products we desire at a reduced price, we should not forget that our rights and responsibilities always apply. Reduced prices do not exempt sellers from their legal obligations. A common misconception among consumers is thinking that reduced prices mean reduced rights. This is not the case at all."

(www.timesofmalta.com 24th December 2017)

- (a) Briefly describe any **THREE** consumer rights. (3)
- (b) Mention **TWO** Maltese laws (Acts of Parliament) that protect the consumer. (2)
- (c) Describe briefly what a Maltese consumer can do if he/she wants to make an official complaint against a Maltese trader. (4)
- (d) What facilities are provided by the state with regard to information about trade both locally and overseas? (2)
- (e) Is the production of a car ready when the car manufacturer rolls out a finished car from the factory? Explain your answer. (3)
- (f) Where does one have to go in order to obtain a licence to start a company in Malta? (1)
- (g) Compare and contrast Public Companies and Public Corporations, giving an example of each in the local scene. (5)

(Total: 20 marks)

Please turn the page.

5. "There was only one sector that did not experience growth in 2016 when compared to 2011 – manufacturing. Its contribution to total gross value added fell from 13% to 9%. Other growth sectors were public administration and related services such as health and education, and the sector that groups together wholesale and retail trade, accommodation services, transportation services and others."

(www.timesofmalta.com 24th November 2017)

- (a) Briefly describe how the trend in the relative importance of the different stages of production in Malta changed in the last 50 years. (2)
- (b) Distinguish between specialisation by product and specialisation by process. (4)
- (c) What is the difference between a shopping complex (mall) and a department store? Give **ONE** example of each that can be found in Malta. (2, 2)
- (d) Describe **FOUR** functions of the wholesaler. (2)
- (e) In relation to insurance, state:
- (i) **ONE** principle of insurance;
 - (ii) **ONE** non-life insurance policy. (1)
- (f) In each of the following cases, state the type of transport that a business should use to export his/her goods from Malta to the UK, giving reasons to support your answer:
- (i) Flowers;
 - (ii) Mobile phone covers;
 - (iii) Motor cars;
 - (iv) Diamonds. (4)
- (g) Describe **THREE** requirements of a successful sea port. (3)

(Total: 20 marks)



SUBJECT:	Commerce
PAPER NUMBER:	IIA
DATE:	10 th May 2018
TIME:	9:00 a.m. to 11:05 a.m.

This paper consists of **SEVEN** questions of 25 marks each.

Answer any **FOUR** questions.

Write the question number and letter in the margin provided.

1. (a) What is meant by the term 'factors of production'? In your answer, state **TWO** of these factors of production. (4)
- (b) Show by means of an example that industry and commerce are interdependent. (6)
- (c) Compare and contrast fiscal and monetary policy as tools of managing and controlling the economy. (7)
- (d) Explain **TWO** advantages and **TWO** disadvantages of being a member of the European Union (EU). (8)

(Total: 25 marks)

2. (a) Mention **FOUR** activities carried out by government agencies that help business people in their business affairs. (4)
- (b) Give **THREE** examples each of European Union (EU) Member states that:
 - (i) have the Euro as their national currency; (3)
 - (ii) do not have the Euro as their national currency. (3)
- (c) Distinguish between the European Union (EU) and the North American Free Trade Agreement (NAFTA) as trading blocs. (7)
- (d) Briefly discuss **FOUR** reasons for setting up a policy of protectionism. (8)

(Total: 25 marks)

3. (a) List **FOUR** services provided by retailers. (4)
- (b) The quotation, the order, the invoice, the delivery note and the credit note are all documents used in trade, both domestic as well as international. For each of the following situations, select the document that should be used when:
 - (i) the supplier overcharges the customer; (1)
 - (ii) the supplier sends the goods to the customer; (1)
 - (iii) the supplier bills the customer for the goods supplied to him/her; (1)
 - (iv) the customer wants to let the supplier know which goods he/she wants to purchase; (1)
 - (v) a supplier wants to reply to an Inquiry by a potential customer. (1)
- (c) Distinguish between:
 - (i) merchants and agents; (4)
 - (ii) brokers and factors. (4)
- (d) Give **FOUR** reasons why the wholesaler is being omitted from the chain of distribution. (8)

(Total: 25 marks)

4. (a) How is a limited liability company set up? (5)
(b) Does ownership of a business unit in the private sector bestow control of the same business unit on the owner? Explain with examples. (6)
(c) Distinguish between a cooperative and a public corporation as forms of business units. (6)
(d) Six of your friends come to you for advice on the type of business unit they should set up. Give **FOUR** reasons why you would recommend they set up a company rather than a partnership. (8)
- (Total: 25 marks)**

5. (a) (i) What is the Baltic Exchange? (3)
(ii) State **TWO** main services offered by the Baltic Exchange. (2)
(b) How does the pooling of risks operate in the case of motor insurance? (5)
(c) Compare and contrast postal communication and email as methods of business communication. (7)
(d) Briefly discuss **TWO** arguments in favour of advertising and **TWO** arguments against. (8)
- (Total: 25 marks)**

6. (a) The Malta Competition and Consumer Affairs Authority (MCCAA) was established on 23 May 2011. List **FOUR** functions of the MCCAA. (4)
(b) What is the role of NGOs such as the Għaqda tal-Konsumaturi in promoting consumer awareness? Briefly describe **THREE** areas of activity. (6)
(c) Analyse the **TWO** ways by which consumers are afforded legal protection. (7)
(d) Briefly discuss **FOUR** reasons why consumers need protection. (8)
- (Total: 25 marks)**

7. Write brief notes on any **FIVE** of the following, giving examples whenever possible:
- (a) Barter and its disadvantages;
 - (b) The role of the Malta Stock Exchange and its advantages;
 - (c) Post Office methods of payment;
 - (d) Short term and long term sources of business finance;
 - (e) Bonded warehouses and their advantages;
 - (f) The Banks' Clearing system.
- (5, 5, 5, 5, 5)
(Total: 25 marks)



SUBJECT:	Commerce
PAPER NUMBER:	IIB
DATE:	10 th May 2018
TIME:	9:00 a.m. to 11:05 a.m.

This paper consists of **SIX** questions divided into **TWO** Sections, A and B.
Answer **ALL** questions in 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.

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.

Aids to trade	Hypermarket	Licenses	Stockbrokers
Company	Industry	Middlemen	Tariffs
Corporation	Institutions	Post Office	Transport
Direct services	International	Securities	Underwriters
Due diligence	Laws	Start-up	Wholesaler

Productive activities may be classified into _____, commerce and _____.
The main type of business unit in the public sector is the public _____. In the private sector, the public _____ is the type of business unit that is likely to be very large. A retailer will try to locate close to markets. However, today it has become possible because of improvements in _____ and communication to locate away from city centres. One example of this type of retailer is the _____.

Buyers and sellers are sometimes brought together by _____. The best known example of this type of trader is the _____. Trade may also occur between countries in which case we talk about _____ trade.

Trade does not work on its own but needs other productive activities known collectively as _____. One of these activities has to do with the payment for goods. Such methods are offered by the banks as well as by the _____. The financial services sector is regulated in Malta by the MFSA. One of the key functions of the MFSA is to carry out _____ prior to issuing _____ to businesses involved in this sector. Another important institution in this sector is the Malta Stock Exchange (MSE). Here, _____ meet to buy and sell _____ on behalf of the investing public. Activities that help trade include also insurance. _____ are the people who accept insurance at Lloyd's.

In today's complex commercial world, consumers, most times, are at the mercy of unscrupulous traders and thus the state protects them by enacting _____ and by establishing _____ such as the MCCA. Besides protecting consumers, government also encourages trade by providing particular business in their early stages of development with _____ finance. Maltese persons involved in commerce must also be aware that Malta is a member state of the EU and, as such, we cannot decide our own _____ but must apply the CET.

(Total: 40 marks)

2. Which term or phrase is best described by each of the following statements?
- (a) Physical assets that can be used to produce goods and services. (2)
 - (b) A number of countries that join together for the purpose of stimulating trade between themselves and to get other benefits of economic cooperation but without becoming one country. (2)
 - (c) Goods are hired to the user, who is given the option to purchase them for a token sum at the end of the hire period. (2)
 - (d) The small unit into which the capital of a company is divided. (2)
 - (e) A permission to withdraw more money from one's account than was deposited in it. (2)
 - (f) A transaction of buying or selling online. (2)
 - (g) The world's only independent source of maritime market information for the trading and settlement of shipping contracts. (2)
 - (h) The mechanism set up with the objective of resolving disputes between consumers and traders when conciliation has not resulted in an agreement on all issues in dispute between a consumer and a trader. (2)
 - (i) The country's economic development agency, tasked with attracting new foreign direct investment as well as facilitating the growth of existing operations. (2)
 - (j) A Maltese bank whose functions include keeping the government's bank accounts. (2)

(Total: 20 marks)

3. (a) Retailing, importing, finance and insurance are some of the commercial functions. From these, select the commercial function described by each of the following:
- (i) This has to do with the pooling of risks. (2)
 - (ii) This has to do with the provision of goods to final consumers. (2)
 - (iii) This has to do with buying goods from foreign countries. (2)
 - (iv) This has to do with acquiring the money to start off or to expand one's business. (2)
- (b) Compare and contrast fiscal and monetary policy as tools of managing and controlling the economy. (6)
- (c) Why do consumers need protection? Give **THREE** reasons. (6)

(Total: 20 marks)

SECTION B: Answer only ONE question from this Section.

4. (a) Which form of advertising would you recommend for each of the following?
- (i) A business wants to increase its market share. (2)
 - (ii) A business wants to protect its market share from other businesses. (2)
 - (iii) A wine producing firm wants to advertise its wine festival. (2)
 - (iv) A number of farmers want buyers to know that the eggs they sell are laid by free-ranging chickens. (2)
- (b) A betting pool consists in a number of individuals who put money into a 'pool' together with the results they are forecasting. Compare and contrast such betting pool with the pooling of risks by insurers. (7)
- (c) Discuss the advantages and disadvantages of email as a means of business communication. (5)

(Total: 20 marks)

5. (a) Which form of business unit would be ideal in each of the following circumstances?
- (i) Five friends want to open a publishing house with each person having equal say even though two of them will be putting in more money into the business than the other. (2)
 - (ii) Two sisters want to open a hairdressing salon, which their mother will be financing. The mother wants to be a part owner and not just a creditor of the business. She also wants her daughters to be personally liable for the debts of the business. (2)
 - (iii) Two brothers want to open a website design business and have already found 60 persons willing to fund their business. (2)
 - (iv) A mother wants to retire from her sole-trader form of business and wants to pass on this business to her three children such that none of them will bear the business risks on a personal level. (2)
- (b) Distinguish between a cooperative and a public corporation in terms of their:
- (i) formation; (3)
 - (ii) ownership; (2)
 - (iii) control. (2)
- (c) What are the advantages of money over the barter system? (5)

(Total: 20 marks)

6. (a) The Bill of Lading, Certificate of Origin, f.o.b., c.i.f. are all documents or terms used in importing. For each of the following, select the document or term that should be used:
- (i) This shows that the prices quoted include all charges up to the point where the goods have been loaded on the ship. (2)
 - (ii) This shows that the goods were largely produced in the exporting country. (2)
 - (iii) This shows that the prices quoted include not only the cost of the goods but also the freight charges levied by the shipping company and the insurance on the goods. (2)
 - (iv) This shows who is entitled to claim the goods from the ship's master when the vessel reaches its destination. (2)
- (b) Compare and contrast the functions of brokers and factors. (6)
- (c) Give **TWO** reasons for a policy of protectionism. (6)

(Total: 20 marks)