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SUBJECT:	<b>Commerce</b>
PAPER NUMBER:	I
DATE:	14 <sup>th</sup> September 2020
TIME:	9:00 a.m. to 11:05 a.m.

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

1. Setting up a business does not necessarily mean opening a shop. A business may operate at various stages of production. Moreover, in the services sector, a business may be set up to provide direct services rather than commercial services. The form of the business unit and how it will be financed are important considerations.
  - (a) Mention **TWO** stages of production. (2)
  - (b) List **THREE** characteristics of a cooperative society. (3)
  - (c) List **TWO** characteristics of a public corporation. (2)
  - (d) Mention **TWO** factors one should consider in setting up and running a business. (2)
  - (e) Classify the following sources of finance as short-term or long-term sources:
    - (i) Debentures (Bonds);
    - (ii) Overdraft;
    - (iii) Bill of exchange. (3)
  - (f) Give **TWO** differences between commercial services and direct services. (4)
  - (g) Briefly describe **TWO** advantages and **TWO** disadvantages of setting up a partnership rather than a company. (4)

**(Total: 20 marks)**

***Please turn the page.***

2. Trade occurs in markets. Sometimes markets are quite complicated situations and involve a number of middlemen with very long chains of production. Trade may be domestic or international and may include large-scale as well as small-scale business organisations.

- (a) What is meant by a market? (2)
- (b) List **THREE** types of middlemen. (3)
- (c) Briefly describe **TWO** functions of wholesalers. (2)
- (d) What are the **THREE** main stages in the chain of production of wine and what value is being added at each stage? (3)
- (e) One of the factors that has contributed to the success of large-scale retailers is the provision of large parking facilities. Mention **TWO** other factors that have made large-scale retailers so popular. (2)
- (f) Tariffs and quotas are terms used in international trade. Outline **TWO** similarities and **TWO** differences between a tariff and a quota. (4)
- (g) Briefly describe **TWO** advantages and **TWO** disadvantages that large-scale retailers have when compared to small-scale retailers. (4)

**(Total: 20 marks)**

3. The following table is an extract from Malta's Balance of Payments for 2018. Study the table below then answer questions (a) to (g) that follow.

Item	Exports	Imports
	€000	€000
Goods	3,001,424	4,461,920
Transport	1,076,909	632,105
Travel	1,569,926	440,505
Other services	12,161,849	9,640,014
Income	9,817,297	11,075,372

(www.nso.gov.mt)

- (a) What was Malta's balance of visible trade for 2018? (1)
- (b) What was Malta's invisible balance for 2018? (4)
- (c) Calculate Malta's current account balance for 2018. (1)
- (d) Accessibility to a transport terminal is an important factor in deciding where to locate one's business. What is meant by a terminal? (2)
- (e) Give **TWO** reasons for omitting the wholesaler from the chain of production. (4)
- (f) Outline **TWO** similarities and **TWO** differences between the Baltic Exchange and the Malta Stock Exchange. (4)
- (g) List **TWO** advantages and **TWO** disadvantages of road transport. (4)

**(Total: 20 marks)**

4. Commerce is not only about trade. Without the aids-to-trade, such as communication, finance and insurance, little or no trade can take place.
- (a) The Door to Door Salesman Act no longer exists because it is now part of the Consumer Affairs (Amendment) Act, 2014. Regulations that were part of the Door to Door Salesman Act have been included in the Consumer Affairs Act. What is the specific purpose of these regulations that were part of the Door to Door Salesman Act? (2)
  - (b) Mention **TWO** local commercial banks in Malta. (2)
  - (c) List **TWO** functions of money. (2)
  - (d) MaltaPost offers a range of Financial Services among which is the PostaPay&Save Payment Account. The PostaPay Debit Card is linked to the PostaPay&Save account. Briefly explain how the PostaPay Debit Card works. (4)
  - (e) Mention **THREE** methods by which a retailer may communicate with a manufacturer and explain **ONE** advantage of each. (3)
  - (f) Outline **TWO** differences between insurable and non-insurable risks. (4)
  - (g) Outline **THREE** advantages of branding. (3)

**(Total: 20 marks)**

5. In a mixed economy like that of Malta, the government sometimes intervenes in commercial activities by introducing new legislation and through economic policies such as fiscal policy and monetary policy. In the case of monetary policy, Malta's government has given up its sovereignty over this policy to the Eurosystem when we adopted the Euro as our national currency. Government intervention in commerce is also aimed at protecting the consumer.
- (a) (i) What is the function of the Consumer Claims Tribunal (CCT)? (2)
  - (ii) Which consumer right is being applied by the CCT? (1)
  - (b) Mention **THREE** reasons for the need of consumer protection. (3)
  - (c) The functions of the Malta Competition and Consumer Affairs Authority (MCCAA) are carried out by the four entities that make up the MCCAA. Mention **TWO** of these entities. (2)
  - (d) In which years did Malta join (i) the EU and (ii) the Eurozone? (2)
  - (e) Mention **TWO** other EU member states that, like Malta, are in the EU and the Eurozone and **TWO** EU member states that are not in the Eurozone. (2)
  - (f) Give **ONE** similarity and **ONE** difference between fiscal and monetary policy. (4)
  - (g) Give **TWO** advantages and **TWO** disadvantage of having a common European currency. (4)

**(Total: 20 marks)**




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SUBJECT:	<b>Commerce</b>
PAPER NUMBER:	IIA
DATE:	15 <sup>th</sup> September 2020
TIME:	9:00 a.m. to 11:05 a.m.

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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. "The Central Bank of Malta contributes to monetary policy decisions affecting the euro area through the participation of the Governor in the Governing Council of the European Central Bank (ECB). The Bank is also responsible for the implementation of these decisions in Malta, using a range of monetary policy instruments approved by the Governing Council of the ECB."  
*(www.centralbankmalta.org/monetary-policy)*

(a) Explain **FIVE** functions of the Central Bank of Malta. (15)

(b) How does the Maltese Government help local businesses to trade locally and overseas? (10)

**(Total: 25 marks)**

2. "While Malta's retailers are thus far losing out to their online rivals, the opportunities have never been greater for high street shops that improve the in-store experience and provide a personal service to their customers."  
*(www.maltaprofile.info/article/retail 2017)*

(a) Explain, using examples, **FIVE** functions of the retailer. (10)

(b) Mention and explain the purpose of **FIVE** trading documents used in local trade. (15)

**(Total: 25 marks)**

3. "The Malta Insurance Association (MIA) is a non profit-making organisation that represents the views and common interests of all insurance companies in Malta, both indigenous and foreign."  
*(www.maltainsurance.org/service/mia/ 2015)*

(a) Name and explain **THREE** principles of insurance. (9)

(b) Describe **FOUR** different types of advertising. Give an example for each. (16)

**(Total: 25 marks)**

4. "The number of local and foreign companies being registered in Malta has continued to increase for the fourth consecutive year, with the current average standing at 25.5 registrations a day..... According to current regulations, firms interested in opening operations on the island can be established within two to three days."

*(www.maltachamber.org.mt 28-2-19)*

- (a) Compare and contrast the characteristics of a public and private company. (20)
- (b) Explain briefly the importance of international trade for Malta. (5)

**(Total: 25 marks)**

5. "The advertising industry is made of companies that advertise, agencies that create the advertisements, media that carries the ads, and a host of people like copy editors, visualizers, brand managers, researchers, creative heads and designers who take it the last mile to the customer or receiver."

*(www.economictimes.indiatimes.com 2020)*

- (a) Explain **ONE** advantage and **TWO** disadvantages of **FIVE** advertising media. (15)
- (b) Explain **THREE** different types of life insurance/assurance. (10)

**(Total: 25 marks)**

6. "The number of loans being generated by banks and pumped into the property market plays an important role in the Maltese economy – yet it has been largely ignored in public discourse, which could have detrimental effects in the future."

*(www.timesofmalta.com/articles 19-11-19)*

- (a) Compare and contrast deposit accounts and current accounts in the banking system. (10)
- (b) Explain the following services provided by commercial banks:
- (i) crossed cheques
  - (ii) dishonoured cheques
  - (iii) standing order
  - (iv) credit transfer
  - (v) credit card
- (15)

**(Total: 25 marks)**

7. Write brief notes on any **FIVE** of the following:

- (a) The functions of the Malta Freeport. (5)
- (b) The differences between specialisation by product and specialisation by process. (5)
- (c) The role of the MFSA. (5)
- (d) The difference between a bank overdraft and a bank loan. (5)
- (e) Foreign exchange rates. (5)
- (f) The meaning and importance of containerisation. (5)

**(Total: 25 marks)**