



SUBJECT:	Commerce
PAPER NUMBER:	I
DATE:	11 th May 2022
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. Pawlu owns a small fish restaurant in M'Xlokk. He employs one chef and three waiters. Pawlu's accountant has presented the following comparative data of the restaurant's financial performance over the past two years.

	Year 2021 (€ 000)	Year 2020 (€ 000)
Turnover	?	600
Cost of Sales	360	300
Gross Profit	240	300
Expenses	180	?
Net Profit	60	30

- (a) Define cost of sales. (3)
- (b) How is the gross profit calculated? (2)
- (c) Calculate turnover for 2021 and expenses for 2020. Show all your workings. (4)
- (d) Did the net profitability of Pawlu's restaurant improve since last year? Justify your answer by using an appropriate ratio. (3)
- (e) Pawlu currently operates as a sole trader and is looking to expand his business. His accountant suggested that Pawlu should consider changing his sole trader operation to a partnership. Give **THREE** reasons why you would **not** recommend this change. (3)
- (f) Pawlu's accountant has been complaining that the business is suffering from poor liquidity. What does this mean? (2)
- (g) Suggest **THREE** measures that Pawlu should implement to improve the liquidity of his business. (3)

(Total: 20 marks)

2. The European Union is a political and economic union which is a key player in the evolving global economy.
- (a) How many member states are there in the EU today? (1)
 - (b) List **EIGHT** EU member states, apart from Malta. (4)
 - (c) Name the **FOUR** main freedoms enjoyed by EU members. (4)
 - (d) Give **ONE** example of **each** of the freedoms mentioned in part (c) to show how Malta's accession to the EU in 2004 helped Maltese businesses. (4)
 - (e) What is the common European currency called? (1)
 - (f) Provide **TWO** examples for **each** to show how the common European currency has been both an advantage and a disadvantage to Maltese businesses. (4)
 - (g) Since Malta's accession to the EU, Malta has witnessed an increase in the number of migrant workers. Mention **ONE** advantage and **ONE** disadvantage of this, to Maltese businesses. (2)

(Total: 20 marks)

3. "When you run a business, you assume responsibility for the well-being of a range of people, from employees to customers. Your business activities have the potential to affect these stakeholders in serious and costly ways, and business insurance protects you financially from some of these consequences."

(Article taken from: www.smallbusiness.chron.com/)

- (a) Identify **THREE** groups of people who have an interest in a restaurant business. (3)
- (b) Why are some risks uninsurable and give **TWO** examples of these risks. (3)
- (c) List the **FOUR** main types of insurance. (2)
- (d) Briefly explain **TWO** principles of insurance. (4)
- (e) Explain how insurance spreads risks. (2)
- (f) Which **TWO** types of insurance is a restaurant owner likely to have? (2)
- (g) Briefly explain how insurance encourages business activity. (4)

(Total: 20 marks)

4. The tremendous growth of international trade over the past decades has been both a primary cause and an effect of globalisation. You are the managing director of a large manufacturing company that produces micro-chips. Materials are imported from abroad and the final product is exported all over the world.

- (a) Why is international trade important? Give **THREE** reasons. (3)
- (b) Name the document that states where imported goods were made. (1)
- (c) What is the purpose of the Bill of Lading? (2)
- (d) Distinguish between visible imports and invisible exports and give **ONE** example for Malta in **each** case. (4)
- (e) Briefly explain the role of **either** the Malta Maritime Authority **or** the Malta Freeport. (2)
- (f) Identify **TWO** ways in which the Chamber of Commerce, Enterprise and Industry assists importers/exporters. (2)
- (g) Briefly explain **THREE** measures of protectionism that a government may implement to reduce the importation of foreign trade. (6)

(Total: 20 marks)

5. The increase in globalisation has seen businesses trading with other businesses located around the four corners of the world. This means that goods need to be transported from one location to another, across international borders.
- (a) List **THREE** factors that a business should consider when deciding which form of transportation to use to deliver its exports to international customers. (3)
 - (b) Give **TWO** advantages and **TWO** disadvantages of using road transport as part of the system of distribution of manufactured goods. (4)
 - (c) State **ONE** circumstance where rail transport would be preferable to road transport for the movement of freight. (2)
 - (d) List **THREE** examples of cargo for which air transport is particularly suitable. (3)
 - (e) Define containerisation. (2)
 - (f) Mention **TWO** advantages of containerisation. (2)
 - (g) How does the Baltic Exchange assist exporters and importers? (2)
 - (h) Explain the term f.o.b. (2)

(Total: 20 marks)



SUBJECT:	Commerce
PAPER NUMBER:	IIA
DATE:	12 th May 2022
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. "The only essential documentation required for the incorporation of a Maltese company is a Memorandum of Association, ... though, in practice, a tailored Articles of Association, is submitted together with the Memorandum of Association."

(Article taken from: www.home.kpmg/company-formations-in-malta)

- (a) Differentiate between the Memorandum of Association and the Articles of Association. (10)
- (b) Describe, in detail, the **THREE** types of production, using examples where appropriate. (10)
- (c) In international trade, describe the contents and explain the purpose of the manifest and freight note documents. (5)

(Total: 25 marks)

2. "The Balance of Payments is an account of a country's international transactions for a particular time period."

(Article taken from: www.newyorkfed.org/aboutthefed)

- (a) Draw up a table and calculate the Balance of Trade and the Balance of Payments by making use of **TWO** suitable examples of your own choice, for **each** of the following: (12)
- invisible imports;
 - invisible exports;
 - visible imports;
 - visible exports.
- (b) Compare and contrast the functions of the wholesaler and that of the retailer. (8)
- (c) Describe the nature and purpose of market research and sales promotion. (5)

(Total: 25 marks)

3. "The Central Bank of Malta was established by the Central Bank of Malta Act on 17 April 1968. On 1 May 2004, the Bank joined the European System of Central Banks (ESCB) and on 1 January 2008, it became part of the Eurosystem."

(Article taken from: www.centralbankmalta.org/about)

- (a) Briefly explain **FIVE** functions of the Central Bank. (10)
- (b) Discuss the differences between a sole trade type of business and a company. (10)
- (c) Define specialisation by process and mention **TWO** advantages and **TWO** disadvantages. (5)

(Total: 25 marks)

Please turn the page.

4. "Advertising is a marketing tool used by businesses to promote their products and services. Advertisements may take many forms, such as printed adverts in newspapers and magazines, television or radio adverts or signs in shops."

(Article taken from: www.timesofmalta.com/Protection-from-misleading-advertising)

- (a) Name **FIVE** types of persuasive advertising and give an example for **each**. (10)
- (b) Differentiate between short-term and long-term finance, giving **ONE** example where appropriate. (10)
- (c) What is the meaning and implication of a business with limited liability and one without limited liability? (5)

(Total: 25 marks)

5. "Since its creation almost 50 years ago, Bank of Valletta has been instrumental in helping the Maltese economy develop during the post-independence era. Until recently, its nearly 20,000 shareholders saw the value of their shares increase while adequate dividends were paid regularly."

(Article taken from: www.timesofmalta.com/bovs-tortuous-restructuring-goes-on)

- (a) Mention and briefly explain **FIVE** services offered by commercial banks (10)
- (b) Compare and contrast public companies and private companies. (10)
- (c) List **FIVE** functions of the Malta Enterprise. (5)

(Total: 25 marks)

6. "Businesses registered decent sales during Black Friday in what was a mixed bag for local retailers, the Chamber of Small and Medium Enterprises said on Friday night."

(Article adapted from: www.gov.uk/eu-eea)

- (a) Mention **FIVE** different types of retailers, outlining **TWO** characteristics for **each**. (10)
- (b) Briefly discuss **FIVE** improvements in business communication resulting from technological advances in the last four decades. (10)
- (c) Explain the reasons for omitting wholesalers from the chain of distribution. (5)

(Total: 25 marks)

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

- (a) the Malta Stock Exchange; (5)
- (b) **FIVE** consumer rights; (5)
- (c) public corporations; (5)
- (d) bonded warehouse; (5)
- (e) branded goods; (5)
- (f) dishonoured cheques; (5)
- (g) the functions of money. (5)

(Total: 25 marks)



SUBJECT: **Commerce**
 PAPER NUMBER: IIB
 DATE: 12th May 2022
 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 answers on the booklet provided.

freight note	branding	EFTA	loans
ME	transport	memorandum	communication
manufacturing	MBR	fishing	articles
bank overdrafts	short-term	limited	construction
MSE	mining	manifest	long-term

In Malta, in order to start a company one must first register the company at the a . The liability of companies is b to the amount invested in the company. The c of association of a company outlines the internal relationship of the company. On the other hand, the d of association of a company outlines the external relationship of the company.

The e is an agency responsible for the promotion of foreign and industrial development in Malta while the f is the market place for second-hand shares. Shares are a source of g finance while trade credit is a source of h finance. Another two sources of finance are the bank overdrafts and loans; i are usually used by the business to finance its long-term investments while j are usually used by the business to finance its working capital.

The k was set up in 1960 by its then seven member countries to promote free trade and economic integration between its members. In international trade, the l is a summary of all the Bills of Lading while a m is the bill or charge for shipping goods.

Two examples of primary production industries are n and o . p and q are two secondary production industries while r and s are two tertiary production industries. t occurs when the manufacturer gives the products its own name.

(Total: 40 marks)

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

- (a) A type of bank, like BOV, that offers financial products like current, savings and deposit accounts, to individuals and businesses. (2)
- (b) An activity performed before launching a product in order to determine the demand of the product and the competition that exists for that product. (2)
- (c) A type of agreement whereby a shop is allowed to use the name and techniques of a well-known company. (2)
- (d) The exchange of one good for another without the exchange of money. (2)
- (e) A type of business where people combine together to obtain a particular product/service, acting both as owners and customers of their own enterprise. (2)
- (f) Loans to companies. (2)
- (g) A type of business which is set up in response to an Act of Parliament, which is managed by a board, whose members are appointed by the government. (2)
- (h) Giving free products to customers to create a demand for a new product or to increase the demand of an existing product. (2)
- (i) The payment of a lump-sum of money for the book debts of a company. (2)
- (j) A type of warehouse in which goods are stored, awaiting payment of duty. (2)

(Total: 20 marks)

3. The imports and exports of Baldovia, whose currency is the Euro, were as follows:

	€
Imported cars	6,000,000
Interest paid to people outside Baldovia	1,500,000
Money received from people outside Baldovia for services provided by Baldovian Banks	6,700,000
Imported toys	2,500,000
Exported clothes	5,800,000
Tourists coming to Baldovia	9,800,000
Baldovians going abroad	5,400,000
Exported food	2,600,000

- (a) From the information above, draw up a table and calculate:
 - (i) the Balance of Trade, stating whether the balance is a surplus or deficit; (5)
 - (ii) the Balance of Payments on Current Account, stating whether the balance is a surplus or deficit. (5)

- (b) If the exchange rate is €1.20 for every £1:
- (i) how much would it cost (in £s) a British resident to buy €1,392 worth of goods from Baldovia? (2)
 - (ii) how much would it cost (in €s) a Baldovian resident to buy £3,400 worth of goods from the UK? (2)
- (c) Mention **THREE** functions of the wholesaler and **THREE** functions of the retailer. (6)

(Total: 20 marks)

SECTION B: Answer ONE question from this Section.

4. (a) Mention **FOUR** differences between the sole trade type of business and the company. (8)
- (b) Mention **FOUR** differences between public and private companies. (4)
- (c) Mention **THREE** advantages and **THREE** disadvantages of specialisation. (6)
- (d) Briefly, explain, **TWO** functions of the Central Bank of Malta. (2)

(Total: 20 marks)

5. (a) What is the difference between persuasive and informative advertising? (3)
- (b) Name **FOUR** types of persuasive advertising and give an example for **each**. (10)
- (c) Give **THREE** reasons for dishonouring a cheque. (3)
- (d) Differentiate between a standing order and a credit transfer. (4)

(Total: 20 marks)

6. (a) Give **THREE** examples to show how advances in technology have improved communication between businesses in the past 40 years. (6)
- (b) Briefly explain **THREE** consumer rights. (6)
- (c) List **FOUR** differences between a small independent shop and a large supermarket. (4)
- (d) Mention **FOUR** functions of money. (4)

(Total: 20 marks)