



SUBJECT:	Commerce
PAPER NUMBER:	I
DATE:	10 th May 2023
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. "Malta offers a prime location for companies specialising in high-technology products in areas such as electronics or precision engineering, as well as capital-intensive activities such as life sciences and aircraft maintenance. There is no question that the sector is moving forward as new and established companies are preparing to invest millions of euro in facilities on the island."

(www.maltaprofile.info/article/industry-and-manufacturing)

- (a) What is a sector of production? (2)
- (b) Name the **FOUR** sectors of production. (4)
- (c) Which **TWO** sectors of production are referred to in the extract above? (2)
- (d) What does the term capital-intensive activities mean? (3)
- (e) List **TWO** advantages and **TWO** disadvantages of division of labour. (4)
- (f) What is automation? (2)
- (g) Give **TWO** reasons to show how automation benefits the business and **ONE** reason to show how it can be a burden to the business. (3)

(Total: 20 marks)

2. "The Maltese Companies Act states that there are several types of company set-ups in Malta. Among these, the most employed business structures are the private and public limited liability companies. There are several differences between the two business forms."

(adapted from: www.companyincorporationmalta.com/)

- (a) List **ONE** difference between private sector and public sector organisations. (1)
- (b) Give **TWO** main differences between private limited companies and public limited companies. (4)
- (c) State **TWO** differences between any **TWO** sources of finance that businesses may use. (4)
- (d) Describe **TWO** situations to show how businesses have become reliant on information technology (IT). (4)
- (e) List **ONE** disadvantage of using IT systems in a business. (1)
- (f) Why are liquidity and profitability important to a business? (4)
- (g) The current ratio of a business is 1.3:1. What does this mean? (2)

(Total: 20 marks)

3. "Exposure to offline advertising is decreasing while exposure to online advertising is increasing, according to the Misco Social Media Usage Trends survey. The result shows that social media has overtaken television as the preferred medium."

(adapted from: www.timesofmalta.com/articles/view/interest-in-online-advertising-overtakes-television)

- (a) Explain the purpose of advertising. (2)
- (b) Name **FOUR** types of hidden persuaders in advertising. (4)
- (c) Give **ONE** example for **each** type of hidden persuaders that you mentioned in your answer to part 3(b) above. (6)
- (d) List **FOUR** types of traditional advertising media apart from newspapers and television. (4)
- (e) Give **TWO** advantages and **TWO** disadvantages of social media as a means of advertising. (4)

(Total: 20 marks)

4. "When you look at the retail industry and see e-commerce booming as brick-and-mortar sales continue to decline, it's easy to speculate that traditional retail is dying."

(adapted from: www.forbes.com/)

- (a) What is a chain of distribution? Give **ONE** example. (2)
- (b) Give **THREE** functions that are performed by a retailer. (3)
- (c) Describe **TWO** situations when it is best to omit the wholesaler from the chain of distribution. (2)
- (d) State **THREE** ways in which the wholesaler supports the retailer. (3)
- (e) List **THREE** types of retail outlets. (3)
- (f) Identify **FOUR** reasons that may have led to the decline of brick-and-mortar retailing. (4)
- (g) Name **THREE** examples of e-commerce businesses. (3)

(Total: 20 marks)

5. "In the last three decades, the banking sector has seen a profound transformation owing to the changes in the global financial environment. The major change witnessed in the banking sector has been great advances in financial innovations and technologies, which are a result of turmoil in the global financial environment. The improvement in financial innovations and technologies has made E-banking an intense part of the banking sector."

(Gupta, S., & Yadav, A. (2017). [The Impact of Electronic Banking and Information Technology on the Employees of Banking Sector. Management and Labour Studies](#))

- (a) Describe the Bank's Clearing System. (3)
- (b) Give **FOUR** functions of the Central Bank of Malta. (4)
- (c) Explain **ONE** problem of the barter system. (2)
- (d) Name **THREE** functions performed by money. (3)
- (e) What is the role of the Malta Financial Services Authority? (2)
- (f) Define E-banking. (2)
- (g) Explain **TWO** effects that E-banking is having on businesses. (2)
- (h) Give **TWO** examples of how a business can use FinTech. (2)

(Total: 20 marks)



SUBJECT:	Commerce
PAPER NUMBER:	IIA
DATE:	11 th May 2023
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 primary reason for acquiring business insurance is to protect the business you own from unforeseeable events that will cost you dearly; it insulates your company from the consequences of any potential adversity and ensures financial comfort."
(www.timesofmalta.com/articles/view/how-business-insurance-evolved-in-recent-years)

- (a) Name and explain **FOUR** principles of insurance. (12)
 (b) Identify **FOUR** documents related to insurance, and explain their purpose. (9)
 (c) Explain **TWO** ways by which the Maltese Government may encourage trade. (4)

(Total: 25 marks)

2. "A majority of small businesses saw profitability exceed or equal pre-pandemic levels last year (2022), a survey commissioned by the Chamber of SMEs shows."
(www.timesofmalta.com/articles/view/small-businesses-saw-profits-equal-exceed-pre-pandemic-levels)

- (a) Compare and contrast the sole trade type of business and the partnership type of business. (14)
 (b) Differentiate between the Gross Profit as a percentage of Sales ratio and the Net Profit as a percentage of Sales ratio. (6)
 (c) Explain how a business can improve its sales by means of market research and sales promotion. (5)

(Total: 25 marks)

3. "Importers are holding talks with the government after freight and fuel prices rose by up to 20% over last year. The increase in transportation costs for most products has importers worried about shortages and further price hikes."
(www.timesofmalta.com/articles/view/malta-at-the-mercy-of-shipping-lines-importers-facing-cost-crunch)

- (a) List **SIX** factors that a firm must take into consideration before choosing the method of transport to send its goods to its customers, giving **ONE** example in **each** case. (12)
 (b) Compare and contrast road transport and rail transport. (10)
 (c) State **THREE** requirements of a sea port. (3)

(Total: 25 marks)

Please turn the page.

4. "On the stroke of midnight on May 1, 2004, Malta came together and celebrations erupted with a light show over Grand Harbour, as it became one of the bloc's newest members together with Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Slovakia, Poland and Slovenia.

(www.timesofmalta.com/articles/view/malta-celebrates-18th-anniversary-of-eu-membership)

- (a) What is the Eurozone? (3)
(b) List **FIVE** advantages and **FIVE** disadvantages of being a member of the European Union. (10)
(c) Describe, in detail, the nature and contents of the Memorandum and Articles of Association. (12)

(Total: 25 marks)

5. "Setting up a business could be a life-changing experience in many ways. On the upside of things it can be a rewarding experience, but on the opposite end, various factors create different risks that make running a business challenging."

(www.timesofmalta.com/articles/view/starting-up-your-business-the-right-way)

- (a) Briefly explain **SIX** factors that one would need to consider in setting up a business. (12)
(b) Briefly explain **FOUR** differences between ordinary shares and debentures. (8)
(c) List **FOUR** characteristics of a franchise and give **TWO** examples. (5)

(Total: 25 marks)

6. "Banks suffering from years of negative interest rates are turning the screws on customers who still rely on branch networks to obtain essential banking services. Maltese banks are slowly, but surely, adopting the operational strategies of other European banks by closing branches, reducing the staff that serve customers in person and hiking fees.

(www.timesofmalta.com/articles/view/editorial-guaranteeing-essential-banking-services)

- (a) Briefly explain **FIVE** services offered by commercial banks. (10)
(b) What are the differences between a public corporation and a cooperative? Give **ONE** example of **each** type of business unit. (10)
(c) Explain why vending machines are still popular nowadays. (5)

(Total: 25 marks)

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

- (a) dishonoured cheques; (5)
(b) services to trade in commerce; (5)
(c) Malta Stock Exchange; (5)
(d) benefits of containerised cargo handling; (5)
(e) meaning and examples of consumer protection; (5)
(f) NGOs; (5)
(g) Baltic Exchange. (5)

(Total: 25 marks)



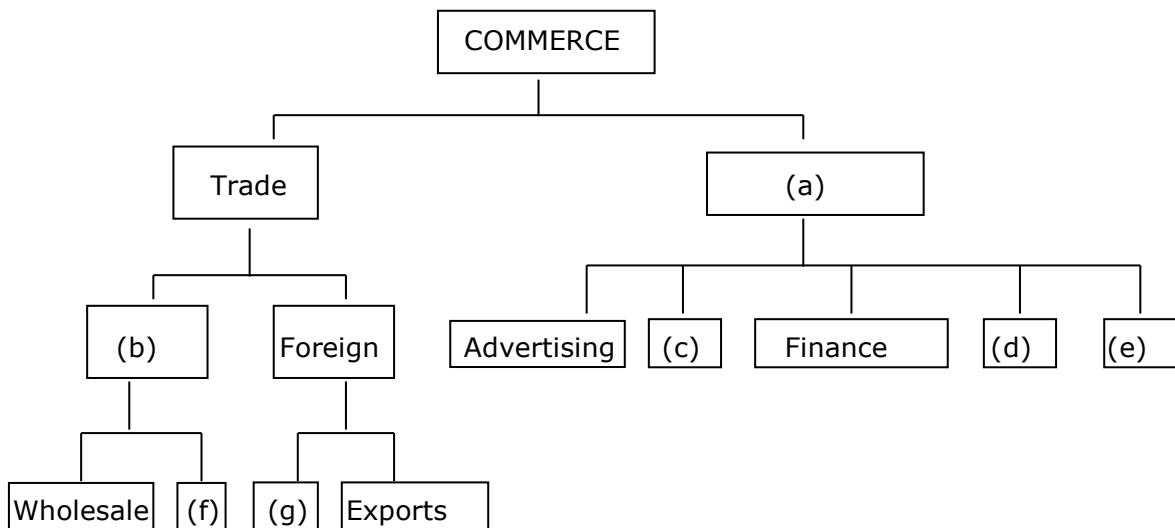
SUBJECT: **Commerce**
 PAPER NUMBER: IIB
 DATE: 11th May 2023
 TIME: 9:00 a.m. to 11:05 a.m.

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.
 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 fill in the boxes (a) to (g) and complete the sentences (h) to (t). Each word/phrase is to be used only once. Write the answers on the booklet provided.

overdraft	road	drawer	retail
current	insurance	home/local	open
imports	European Union	loan	crossed
payee	services to trade	franchise	Eurozone
transport	rail	deposit	banking



McDonald's is a good example of a _____ (h) _____. There are presently twenty-seven members in the _____ (i) _____ and twenty members in the _____ (j) _____.

This question continues on next page.

If one wants to make use of a cheque book, one must open a (k) account. On the other hand, if one wants to simply keep one’s money safe at the bank, one should open a (l) account. (m) cheques are safer than (n) cheques because the former must be put through a bank account. The person who is writing the cheque is known as the (o) while the person to whom the cheque is written is known as the (p) . If an owner of a business needs cash but does not know the exact amount required and for how long it is needed, the owner will ask the bank manager for a bank (q) . If on the other hand, both the amount required and the length of time the cash is required for is known, then the owner will ask the bank manager for a bank (r) . (s) transport is cheaper to use than (t) transport over very long distances.

(Total: 40 marks)

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

- (a) A form of business organisation in which all members have one vote each, no matter how many shares they have. (2)
- (b) An organisation for the maritime industry that provides freight market information for the trading and settlement of physical and derivative contracts. (2)
- (c) An instruction given to a bank to transfer money to a particular person/organisation. This method is usually used to pay one’s electricity bills. (2)
- (d) An organisation that is run by the government and is usually a business that had once been owned by the private sector and has now been nationalised. (2)
- (e) A type of cheque that is not processed for payment because there might not be enough money in one’s account or the cheque is incorrectly completed. (2)
- (f) A market place where second-hand shares are bought and sold. (2)
- (g) An organisation that is set up for social or humanitarian reasons. It is not-for-profit and not owned by the state. (2)
- (h) An insurance document that tells the insurance company the risks that the insured would like to insure against. (2)
- (i) An instruction given to a bank to pay a regular sum of money, on a regular basis, to a specific person/organisation, for a specific period of time. (2)
- (j) The capital of a company mainly consists of this type of shares. (2)

(Total: 20 marks)

3. The following information was extracted from the books of Daniela Vella who is the only owner of the business, during the year ended 31 December 2022:

	€
Sales for the year	600,000
Cost of Sales for the year	200,000
Other Expenses incurred during the year	300,000
Current Assets (including inventory) at 31/12/22	50,000
Opening Inventory at 01/01/22	15,000
Closing Inventory at 31/12/22	10,000
Current Liabilities at 31/12/22	20,000
Owner’s Capital at 01/01/22	500,000

- (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) Rate of Inventory Turnover (2)
- (b) What is Daniela's type of business called? (1)
- (c) Mention **THREE** advantages of Daniela's type of business. (3)
- (d) State **TWO** disadvantages of Daniela's type of business when compared to a partnership. (2)

(Total: 20 marks)

SECTION B: Answer ONE question from this Section.

4. (a) List **THREE** factors that one would need to consider in setting up a business. (3)
- (b) Briefly explain the **THREE** factors mentioned in your answer to part 4(a) above. (6)
- (c) Which type of business must draw up the Memorandum and Articles of Association? (1)
- (d) What is the difference between the memorandum of association and articles of association? (2)
- (e) List **FOUR** of the contents that must be included in **each** of the memorandum of association and articles of association. (8)

(Total: 20 marks)

5. (a) List **FOUR** advantages of being a member of the Eurozone. (4)
- (b) Apart from the advantages mentioned in your answer to part 5(a) above, list **FOUR** other advantages and **FOUR** disadvantages of being a member of the European Union. (8)
- (c) Explain **THREE** ways by which the Maltese Government may encourage trade, both locally and overseas. (6)
- (d) Explain how sales promotion may help a business increase its sales. (2)

(Total: 20 marks)

6. (a) Name **FOUR** principles of insurance and explain **TWO** of them. (8)
- (b) List **SIX** factors that a firm must take into consideration before choosing the method of transport to send its goods to its customers and give **ONE** example of **TWO** of them. (5)
- (c) State **TWO** advantages and **TWO** disadvantages of sea transport, in the case of a country like Malta. (4)
- (d) Explain **THREE** benefits of using containerised cargo handling. (3)

(Total: 20 marks)