

**UNIVERSITY OF MALTA**

**SECONDARY EDUCATION CERTIFICATE  
SEC**

**COMMERCE  
MAY 2014**

**EXAMINERS' REPORT**

**MATRICULATION AND SECONDARY EDUCATION  
CERTIFICATE EXAMINATIONS BOARD**

**SEC Commerce**  
**May 2014 Session**  
**Examiners' Report**

**Part 1: Statistical Information**

Table 1 shows the distribution of grades for the May 2014 session of the examination.

GRADE	1	2	3	4	5	6	7	U	ABS	TOTAL
PAPER A	0	2	3	0	0	-	-	1	0	6
PAPER B	-	-	-	1	0	0	0	0	0	1
TOTAL	0	2	3	1	0	0	0	1	0	7
% OF TOTAL	0.0	28.6	42.9	14.3	0.0	0.0	0.0	14.3	0.0	100

**Part 2: Comments regarding candidate's performance****2.1 General Comments**

As per Commerce Sec Syllabus 2014, the aim of this examination was to test the candidates' ability to:

1. understand the purpose and functions of commercial activities;
2. apply knowledge to particular commercial situations, including simple calculations;
3. recall facts, principles and show an understanding of commercial terminology;
4. analyse data and situations, make reasoned arguments and draw conclusions.

**2.2 PAPER I****Question 1**

This question was well-answered by the majority of candidates. A few did not manage to calculate the ratios while others did not know the formula for the rate of stock (inventory) turnover. The most common advantage and disadvantage of the sole trader type of business mentioned were that the sole trader takes all the profits and suffers all the losses, respectively.

**Question 2**

In part (a) the majority of candidates failed to mention that the stock exchange is a market of *second-hand* shares. Most candidates calculated parts (b) and (c) correctly. Most candidates only managed to give two satisfactory differences between ordinary and preference shares in part (d). Some candidates incorrectly stated that preference shares have a higher price than ordinary and that preference shares are quoted before ordinary shares.

Part (e) was well-answered. However some candidates simply stated that debentures are bonds while another said that debentures are profits given to shareholders. In part (g) most of the candidates did not state that plc implies that the shareholders can only lose the amount invested as they have limited liability. Part (g) was well-answered but in part (h) most of the candidates gave confusing responses to the differences between the Memorandum and Articles of Association.

### Question 3

Only 50% managed to calculate appropriately part (a) and (b). A few candidates gave very impressive examples of invisible imports and exports. Some examples are:

- invisible imports
  - Maltese citizens using hospitals abroad
  - a Maltese citizen using a hair salon in Rome
- invisible exports - foreign tourists using a hotel in Malta.

However the majority of candidates gave incorrect or unsatisfactory answers like simply stating "banking services". On the other hand most of the candidates gave good examples for visible imports and exports. The most common visible imports mentioned were cars and the most common visible export was potatoes.

Most of the candidates mentioned correctly two problems faced by exporters but failed to explain them. Part (e) was well-answered but only about half of the candidates answered part (f) correctly.

### Question 4

Most of the candidates answered part (a) correctly but very few mentioned all three functions of the Central Bank as requested by the question (part b). The majority of candidates managed to give correct answers for part (c) and (d). A few candidates did not know that a bounced cheque is called a "dishonoured cheque", but most of them knew what gives rise to this type of cheque.

As expected, candidates are well versed with the internet so, as expected, they managed to produce very satisfactory answers for part (g). The same cannot be said for part (f) where surprisingly, some candidates did not know what the purpose of a "bank statement" is.

### Question 5

Parts (d), (e) and (f) were well-answered by the majority of candidates. In parts (a) most of the candidates correctly mentioned the four principles of insurance but most of them failed to explain two of these principles, as requested by the exam question. The same thing happened in part (g), where the factors were mentioned but not explained.

In part (b) most of the candidates only managed to mention one uninsurable business risk, that is, that a business cannot insure against making a loss. As for part (c) the candidates only mentioned "Third Party" as an alternative to "Comprehensive". Many did not mention "Third Party Fire and Theft".

## 2.3 PAPER IIA

### Question 1

This question was a popular choice among candidates. However most of the candidates only managed to obtain about 60% of the marks because they did not mention and discuss enough advantages and disadvantages. Candidates are expected to give more than three advantages and one disadvantage for a 15 mark question!

The advantages and disadvantages mentioned were very good but, as mentioned above, the candidates were expected to mention more. The most common advantages of joining the EU mentioned were:

- freedom of labour movement
- cheaper imports
- funds given to Malta for special projects.

The most common disadvantage mentioned was:

- the EU country must follow the laws adopted by the EU

## Question 2

Less than half of the candidates opted for this question.

Part (a) was not very well answered. Some candidates just mentioned the two types of specialisation superficially while others went into a bit more detail but not enough to gain more than half the marks allotted to this question.

Part (b), on the other hand, was well-answered. The most common advantages mentioned were:

- That workers become more skilled at their job and
- Jobs become easier.

The most common disadvantages mentioned were:

- Jobs become boring
- Individual skills are lost.

In part (c) some performed very badly, mentioning job and batch production (which are not in the syllabus) instead of primary production etc. While others performed quite well as this was not a very difficult question.

## Question 3

All the candidates attempted this question.

Part (a) was well answered however very few candidates gave more than three reasons even though there were many examples that they could have mentioned. The most common factors mentioned were:

- Internet banking
- Video-conferencing and
- E-mails.

Part (b) was very well-answered. The most common media mentioned were:

- TV
- Radio
- Newspapers
- Magazines
- Billboards

Some also mentioned internet and SMSs.

In part (c) 50% of the candidates answered correctly this question. The most common factors mentioned were:

- Romance
- Social acceptability and
- Work simplification.

## Question 4

Nobody attempted this question.

## Question 5

This question was answered by the majority of the candidates.

In part (a) there were some very good answers but a good number of candidates thought that the "The Point" was a department store rather than a shopping complex. For this reason some of these candidates mentioned that some of the departments of "The Point" run at a loss and are called loss leaders. This statement would have been true had The Point been a department store, but as it isn't.

Part (b) was answered very scantily. Most of the candidates only mentioned two reasons, i.e., that they are close and that they provide the basic needs. However for 10 marks, much more was expected!

Again, in part (c), in general, only two of the functions of the retailer were mentioned. Candidates have to realise that the marks allotted to the question are a good indication of the depth they have to go into.

**Question 6**

Only 50% of the candidates attempted this question.

Part (a) was well-answered by half of the candidates attempting this question. More than half the candidates answered correctly part (b) while in part (c) most of the candidates unexpectedly underscored. Much more was expected from the candidates from this section as usually they perform quite well when attempting questions related to advancement in technology. Candidates were expected to mention tablets, e-mails and computerised stock records and orders as means of making wholesaling more efficient.

**Question 7**

Only 50% of the candidates attempted this question.

- (a) was well-answered. A very few equated market research with sales promotion.
- (b) Was well-answered.
- (c) More was expected from this section.
- (d) Well-answered.
- (e) Well-answered.
- (f) More examples were expected from the candidates.

**2.4 PAPER IIB**

As only one candidate sat for this paper, it is inappropriate to write a report on the responses of this candidate.

## **CONCLUSION**

This year, the majority of candidates sitting for paper IIA seemed to be very mature in their writing. However their main downfall was that they should have given more detail.

It is again important to point out that the following factors would improve the candidates' performance:

1. Using a good textbook.
2. Covering the syllabus well.
3. Applying the theory to the local context e.g. knowing Maltese Commercial Banks.
4. Practicing by working out past examination papers.
5. Reading the examination questions well before attempting to answer them.
6. Time permitting, checking their examination scripts before handing them in.

**Chairperson,  
Examiners' Panel 2014**