



**L-Università
ta' Malta**

MATRICULATION AND SECONDARY EDUCATION CERTIFICATE
EXAMINATIONS BOARD

**SECONDARY EDUCATION CERTIFICATE LEVEL
2026 MAIN SESSION**

SUBJECT:	Business Studies
PAPER NUMBER:	I – Level 1-2-3
DATE:	8 th May 2026
DURATION:	2 hours 5 minutes

Answer **ALL** the questions in the spaces provided. There may be more space than you need. Calculators may be used. The total mark for this paper is 100. The marks for each question are shown in brackets. Some questions must be answered by ticking with a horizontal line (–). If you change your mind about an answer, put a vertical line through the horizontal line (+) and then mark your new answer with a horizontal line (–).

1. a. Tick the correct answer:

- i. A young business owner starts a smoothie shop. The entrepreneur invests their own savings to start the business, hires and trains employees, and plans daily operations. Which set of functions are being performed by the entrepreneur? (1)

- ☐ Marketing, accounting, and customer service.
- ☐ Risk taking, organisation, and management.
- ☐ Designing logos, decorating the shop, and serving customers.
- ☐ Saving money, paying taxes, and following government regulations.

- ii. Identify the services that commercial banks offer to entrepreneurs: (1)

- ☐ Providing loans and overdraft facilities.
- ☐ Supplying raw materials for production.
- ☐ Offering insurance against commercial risks.
- ☐ Providing government grants and subsidies.

- b. Ella set up a handmade jewellery business and employs two assistants. The business earns enough profit to expand her shop. Sustainable Development Goal 8 aims to promote decent work and economic growth. Discuss how Ella's business helps achieve this goal through the creation of employment and wealth.

(4)

c. A small travel agency, Malta Getaways, has noticed that its team sometimes struggles to share information and work together efficiently.

i. List **TWO** different types of external communication methods.

(2)

ii. Describe **TWO** communication problems that may occur in an organisation such as Malta Getaways.

(2)

iii. Explain the appropriate use of external communication in a business and give **ONE** example.

(3)

d. Luca runs a small company that produces electric bicycles. He invests in research and development to design lighter batteries and improve the bikes' performance.

i. Define research and development.

(2)

ii. Explain **TWO** ways in which research and development helps Luca's business and product development.

(2)

e. List **TWO** Maltese entities that support and/or regulate business activity.

(2)

f. Explain **THREE** reasons why a business should take initiatives and respond to change.

(3)

g. Evaluate **ONE** factor that enhances entrepreneurship and **TWO** factors that hinder the entrepreneurial spirit.

(3)

(Total: 25 marks)

2. a. Explain what is meant by contingency planning.

(2)

b. Briefly discuss **ONE** advantage and **ONE** disadvantage of a bank overdraft.

(2)

c. Credit cards and hire purchase are two types of consumer credit. Describe **each** type.

(3)

This question continues on next page.

- d. Study the extract from Ian Magri's July 2026 bank statement in Table 1, then answer the questions that follow.

Table 1

Bank Statement – July 2026				
Date	Details	Withdrawals (€)	Deposits (€)	Balance (€)
July 1	Opening balance			850.00
July 3	Salary		2,200.00	3,050.00
July 5	ATM withdrawal	100.00		2,950.00
July 8	Standing order - rent	700.00		2,250.00
July 14	Direct debit – electricity	120.00		2,130.00
July 20	Card purchase - groceries	85.50		2,044.50
July 25	Interest earned		3.00	2,047.50

- i. Identify **TWO** types of automatic payments shown on Ian's bank statement.

_____ (2)

- ii. Compare Ian's total deposits and total withdrawals for July. What does this show about his spending?

 _____ (3)

- e. List **THREE** business risks.

 _____ (3)

- f. Describe what a simple short-term personal budget shows.

 _____ (2)

- g. Table 2 below shows Shaun Cauchi's expected receipts and payments for the three months ending 30 June 2026:

Table 2

Detail	April	May	June
	(€)	(€)	(€)
<u>Expected Receipts</u>			
Salary	2,300	2,300	2,300
Other income	/	200	200
<u>Expected Payments</u>			
Food and beverages	520	540	560
Transport	220	220	220
Rent	950	950	950
Utilities	160	160	240
Credit card repayment	180	180	180
Annual insurances	-	900	-

Shaun expects to have €100 cash and bank at the beginning of April.

- i. Analyse Shaun's budget and state whether an overdraft is needed at any point during the three months. If yes, identify the month and explain why.

(3)

- ii. Shaun would like to save €150 **each** month. Assess whether this is realistic based on the financial situation and suggest **ONE** alternative if it is not feasible.

(2)

- iii. Explain **THREE** ways in which using credit might negatively affect consumers by referring to SDG 12.

(3)

(Total: 25 marks)

3. a. In Table 3, match the term in column A with the correct definition in column B by writing the correct letter. The first one has been done for you. (5)

Table 3

	Term (Column A)		Definition (Column B)
A	Curriculum Vitae (CV)		A letter written by an employee to formally inform their employer that they intend to leave their job.
B	Letter of Application		A document that gives details about the duties, responsibilities, and tasks involved in a particular job.
C	Application Form		A written statement submitted when applying for a job, showing interest and suitability for the position.
D	Letter of Resignation		A document that outlines the qualifications, skills, and personal qualities required for a specific job.
E	Job Description		A form provided by an employer that an applicant fills in with personal details, qualifications and experience.
F	Job Specification	A	A formal document that outlines a person's education, work experience, skills and achievements.

- b. Ramona works as an accountant in a large company. Recently, some employees have complained about unfair working conditions and long working hours. To support their concerns, several workers suggested joining a trade union. Ramona is unsure about what trade unions do, and which type of trade union would best represent her.
- i. Identify **TWO** types of trade unions that Ramona and her colleagues could join.

(2)

- ii. State and briefly discuss **TWO** aims of trade unions.

(4)

iii. Distinguish between the different types of trade unions mentioned in part (bi).

(4)

c. An employment interview is an important step in the recruitment process for both the employer and the employee.

i. Discuss **TWO** ways of how an employee should prepare for an employment interview.

(2)

ii. Demonstrate **TWO** ways how an employer can prepare for an employment interview.

(2)

d. Explain **TWO** pieces of information that are typically included in an employment contract.

(2)

e. Evaluate how the following basic conditions of employment, as specified under Maltese Law, help the country achieve the goals of SDG 8 (Decent Work and Economic Growth) and SDG 10 (Reduced Inequalities):

i. Leave:

(2)

The question continues on next page.

ii. Wages:

(2)

(Total: 25 marks)

4. a. Explain whether **each** of these statements are true or false:

i. Branding and product design have little effect on how well a product sells.

1

True

7

False

Reason: _____

(2)

- ii. Environmentally friendly packaging can improve a company's image and attract more customers.

True

7

False

Reason: _____

(2)

b. Outline **THREE** ways of how businesses use the internet or e-commerce in their marketing activities.

(3)

- c. A company called MaltaFizz produces soft drinks. The business wants to understand its customers better so that it can advertise and sell its products more effectively.
- i. Define market segmentation.

(1)

- ii. Suggest **TWO** different consumer groups that MaltaFizz could target in the soft drinks market, explaining how **each** group might differ.

(4)

- d. List **THREE** different forms of transportation that a business can use to deliver products to customers.

(3)

- e. A company is planning a new marketing campaign for its soft drink. The management wants to make sure the campaign is ethical and does not harm consumers or society. Evaluate **THREE** ethical aspects that a business should take into consideration when creating a marketing strategy.

(6)

The question continues on next page.

- f. The Malta Competition and Consumer Affairs Authority (MCCAA) plays an important role in protecting consumers and ensuring fair competition among businesses in Malta. Explain **FOUR** functions of the MCCAA.

(4)

(Total: 25 marks)

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2026 MAIN SESSION**

SUBJECT:	Business Studies
PAPER NUMBER:	II – Level 1-2
DATE:	8 th May 2026
DURATION:	2 hours 5 minutes

Answer **ALL** the questions in the spaces provided. There may be more space than you need. Calculators may be used. The total mark for this paper is 100. The marks for each question are shown in brackets. Some questions must be answered by ticking with a horizontal line (–). If you change your mind about an answer, put a vertical line through the horizontal line (+) and then mark your new answer with a horizontal line (–).

1. a. Define **FOUR** factors of production:

(4)

b. For **each** of the following scenarios, identify the correct factor of production used in the production process: (3)

Scenario	Description	Factor of Production
A	A company uses fresh groundwater from an underground aquifer to bottle drinking water.	
B	A small start-up pays a recent university graduate to design its product's logo and packaging.	
C	A bakery purchases a new oven that increases daily output threefold.	

This question continues on next page.

c. A new supermarket has opened in Marsa. It offers a wide range of essential food items, household goods, fresh produce, and ready-made meals. The supermarket aims to meet the daily needs of residents while also providing additional convenience products that many customers value.

- i. Examine how this supermarket helps to satisfy the needs and/or wants of the local community through its activities. In your answer, include **ONE** need and/or want that can be satisfied.

(3)

- ii. State **FOUR** different types of stakeholders of the new supermarket.

(2)

- iii. For **each** of the **FOUR** stakeholders identified in part (b)(ii), explain why they have an interest in the supermarket's business activities:

Stakeholder 1: _____
_____ (1)

Stakeholder 2: _____
_____ (1)

Stakeholder 3: _____
_____ (1)

Stakeholder 4: _____
_____ (1)

d. i. Describe **ONE** way in which communication within the supermarket team can be effective.

(2)

ii. Describe **ONE** communication problem that the supermarket may experience.

(2)

(Total: 20 marks)

2. a. i. Explain what is meant by financial literacy.

(2)

ii. List **TWO** services that are offered by banks in Malta.

(2)

b. i. Define limited liability.

(2)

ii. Describe **TWO** features of a public limited company.

(2)

iii. Discuss the role of bonds in financing a limited liability company.

(2)

This question continues on next page.

iv. Describe **ONE** style of management.

(2)

c. Explain **TWO** functions of the Malta Stock Exchange (MSE).

(2)

d. A fast ferry service operating between two islands is currently provided by private companies. The service has relatively high ticket prices and irregular schedules. Some people believe the service should be run by the state, while others argue it should remain privately operated.

i. Describe the process of nationalisation in terms of the public and private sectors.

(1)

ii. Using the scenario above, explain **TWO** reasons for nationalising the ferry service.

(2)

iii. Describe the process of privatisation in terms of the public and private sectors.

(1)

iv. Using the scenario above, explain **TWO** reasons for keeping the ferry service in private ownership.

(2)

(Total: 20 marks)

3. a. Mediterraneo Snacks Ltd is a small Maltese business that produces baked savoury snacks sold in supermarkets across Malta and Gozo. The company relies heavily on its purchasing department to order raw materials such as flour, oil, spices, and packaging. Recently, the business has struggled with inconsistent stock levels.

i. Explain the role of the purchasing department within Mediterraneo Snacks Ltd.

(2)

ii. Explain why Mediterraneo Snacks Ltd needs a sound inventory management system.

(3)

b. The company is also reviewing its supplier relationships, as some suppliers take too long to deliver or offer inconsistent quality. Outline the importance of selecting the right suppliers for Mediterraneo Snacks Ltd.

(2)

c. i. Name **TWO** production methods that can be used by Mediterraneo Snacks Ltd.

(1)

ii. Define sustainable production.

(2)

This question continues on next page.

- d. Mediterraneo Snacks Ltd is considering investing in automated mixing and packing machines to improve efficiency but some employees are worried. Explain **TWO** positive and **TWO** negative impacts of automation on Mediterraneo Snacks Ltd.

(4)

- e. Explain **TWO** characteristics of **ONE** pricing strategy that Mediterraneo Snacks Ltd could use for its baked savoury snacks.

(3)

- f. The Product Life Cycle shows the different stages a product goes through from development to the end of its life. Write the following stages in the correct order, starting from the earliest stage to the final stage: (3)

Growth	Obsolescence	Introduction
Maturity	Pre-Launch	Decline

Stage 1	
Stage 2	
Stage 3	
Stage 4	
Stage 5	
Stage 6	

(Total: 20 marks)

4. a. A public limited company operating a supermarket chain has decided to increase its financing to meet the challenges of increased competition.

i. Explain any **TWO** internal sources of finance.

(2)

ii. Explain any **TWO** external sources of finance.

(2)

b. Define the following:

i. Statement of Profit or Loss

(2)

ii. Statement of Financial Position

(2)

c. Define the following:

i. Capital expenditure: _____

(2)

ii. Revenue expenditure: _____

(2)

This question continues on next page.

- d. Calculate the missing figures in the following statement of profit or loss to calculate Marija's Net Profit for the year ended 31 December 2025.

Statement of profit or loss for the year ended 31 December 2025

	€	€
Sales		130,000
<u>Cost of Sales</u>		
Opening Inventory	4,500	
Purchases	60,500	
Closing Inventory	(5,000)	i
Gross Profit		ii
<u>Expenses</u>		
Insurance	4,300	
Water and electricity	8,200	
Wages	24,500	
Rent	12,000	iii
Net Profit		iv

i. Cost of Sales: _____ (1)

ii. Gross Profit: _____ (1)

iii. Total Expenses: _____ (1)

iv. Net Profit: _____ (1)

- e. A factory in the Marsa Industrial Estate produces standard wooden chairs. The costs of producing 1,000 chairs are provided in Table 1 below.

Table 1

Quantity (chairs)	Wood	Factory Building Insurance	Factory Rent	Machine Operators' Wages	Total Variable Cost	Total Fixed Cost
	€	€	€	€	€	€
1,000	20,000	10,000	30,000	8,000		
5,000						

Fill in the above table calculating:

- The total variable cost and the total fixed of producing 1,000 chairs; and (1)
- The cost of **each** element, the total variable cost and the total fixed of producing 5,000 chairs. (3)

This space may be used for workings and/or rough work:

(Total: 20 marks)

5. a. Examine the importance of foreign trade with reference to visible trade and invisible trade.
Give **ONE** example of **each**.

(4)

- b. Describe **TWO** problems of Maltese businesses trading with other countries.

(4)

- c. i. Outline the role of protectionism within the international economy.

(1)

- ii. Examine how a country uses tariffs to protect its international trade.

(1)

This question continues on next page.

d. Define and give an example of the following:

i. Multinationals

(2)

ii. Fair Trade

(2)

e. Explain **THREE** legal ways in which employment may be terminated.

(3)

f. Identify **THREE** forms of job training.

(3)

(Total: 20 marks)

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2026 MAIN SESSION**

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PAPER NUMBER: II – Level 2-3
DATE: 8th May 2026
DURATION: 2 hours 5 minutes

Answer **ALL** the questions in the spaces provided. There may be more space than you need. Calculators may be used. The total mark for this paper is 100. The marks for each question are shown in brackets. Some questions must be answered by ticking with a horizontal line (–). If you change your mind about an answer, put a vertical line through the horizontal line (+) and then mark your new answer with a horizontal line (–).

1. a. i For **each** of the following scenarios, identify the correct factor of production used in the production process: (3)

Scenario	Description	Factor of Production
A	A company uses fresh groundwater from an underground aquifer to bottle drinking water.	
B	A small start-up pays a recent university graduate to design its product's logo and packaging.	
C	A bakery purchases a new oven that increases daily output threefold.	

- ii. Explain the differences between **each** of the **THREE** factors of production identified in a.i. above.

(6)

This question continues on next page.

b. A new supermarket has opened in Marsa. It offers a wide range of essential food items, household goods, fresh produce, and ready-made meals. The supermarket aims to meet the daily needs of residents while also providing additional convenience products that many customers value.

- i. Examine how this supermarket helps to satisfy the needs and/or wants of the local community through its activities. In your answer, include **ONE** need and/or want that can be satisfied.

(3)

- ii. Evaluate **TWO** ways in which society can meet its needs and/or wants responsibly in the presence of scarcity, with reference to SDG 12 (Responsible Consumption and Production).

(4)

- c. i. Describe **ONE** communication problem that the supermarket may experience.

(2)

- ii. Explain **ONE** way to alleviate the communication problem that you mentioned in part (c.i.) above.

(2)

(Total: 20 marks)

2. a. i. Explain what is meant by financial literacy.

(2)

ii. Give **TWO** reasons why financial literacy is important for a teenager.

(2)

b. Explain **TWO** ways how the Malta Stock Exchange (MSE) supports and regulates business activity.

(2)

c. A fast ferry service operating between two islands is currently provided by private companies. The service has relatively high ticket prices and irregular schedules. Some people believe the service should be run by the state, while others argue it should remain privately operated.

i. Using the scenario above, explain **THREE** reasons for nationalising the ferry service.

(3)

ii. Using the scenario above, explain **THREE** reasons for keeping the ferry service in private ownership.

(3)

This question continues on next page.

d. Distinguish between unlimited and limited liability.

(4)

e. Compare and contrast **TWO** differences between a free-market economic system and a planned economic system.

(4)

(Total: 20 marks)

3. a. Mediterraneo Snacks Ltd is a small Maltese business that produces baked savoury snacks sold in supermarkets across Malta and Gozo. The company relies heavily on its purchasing department to order raw materials such as flour, oil, spices, and packaging. Recently, the business has struggled with inconsistent stock levels.

i. Analyse how the functions of the purchasing department influence other departments within the business.

(3)

ii. Explain why Mediterraneo Snacks Ltd needs a sound inventory management system.

(3)

- b. The company is also reviewing its supplier relationships, as some suppliers take too long to deliver or offer inconsistent quality. Discuss the process involved in selecting the right suppliers for Mediterraneo Snacks Ltd.

(3)

- c. Mediterraneo Snacks Ltd is considering investing in automated mixing and packing machines to improve efficiency, but some employees are worried. Evaluate **THREE** undesirable effects of automation on Mediterraneo Snacks Ltd.

(3)

- d. Explain **TWO** characteristics of **ONE** pricing strategy that Mediterraneo Snacks Ltd could use for its baked savoury snacks.

(5)

- e. Explain how the use of road transportation by a business can negatively affect SDG 13 (Climate Action).

(3)

(Total: 20 marks)

Please turn the page.

4. a. A public limited company operating a supermarket chain has decided to increase its financing to meet the challenges of increased competition.

i. Explain any **TWO** internal sources of finance.

(2)

ii. Explain any **TWO** external sources of finance.

(2)

b. Explain the difference between fixed cost and variable cost.

(2)

c. Calculate the missing figures in the following statement of profit or loss to calculate Marija's Net Profit for the year ended 31 December 2025.

Statement of profit or loss for the year ended 31 December 2025

	€	€
Sales		130,000
<u>Cost of Sales</u>		
Opening Inventory	4,500	
Purchases	60,500	
Closing Inventory	(5,000)	i
Gross Profit		ii
<u>Expenses</u>		
Insurance	4,300	
Water and electricity	8,200	
Wages	24,500	
Rent	12,000	iii
Net Profit		iv

i. Cost of Sales: _____ (1)

ii. Gross Profit: _____ (1)

iii. Total Expenses: _____ (1)

iv. Net Profit: _____ (1)

- d. Distinguish between the treatment of capital and revenue expenditure in the financial statements, giving **ONE** example of **each** expenditure.

(4)

- e. Table 1 below shows the profitability ratios of Salvu's convenience store and the industry average. For **each** ratio shown, compare the performance of Salvu's convenience store with the industry average and explain **TWO** possible causes for the difference.

Table 1

Ratio	Salvu's Convenience Store	Industry Average
Gross Profit Margin	30%	40%
Net Profit Margin	12%	16%
Return on Capital Employed	18%	23%

(6)

(Total: 20 marks)

5. a. Examine the importance of foreign trade with reference to visible trade and invisible trade. Give **ONE** example of **each**.

(4)

- b. Examine how a country uses tariffs to protect its international trade.

(1)

c. Explain **THREE** legal ways in which employment may be terminated.

(3)

d. Briefly discuss **ONE** advantage of on-the-job training for a business organisation.

(3)

e. Evaluate **FOUR** major consequences of countries protecting the local economy.

(4)

f. Evaluate **FIVE** benefits of international trade for Malta.

(5)

(Total: 20 marks)