



L-Università
ta' Malta

MATRICULATION AND SECONDARY EDUCATION CERTIFICATE
EXAMINATIONS BOARD

**SECONDARY EDUCATION CERTIFICATE LEVEL
2025 MAIN SESSION**

SUBJECT:	Business Studies
PAPER NUMBER:	I – Level 1-2-3
DATE:	8 th May 2025
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. List **TWO** components of a business plan.

(2)

b. Commercial banks offer various services to businesses. Describe the support that businesses experience through commercial banks.

(2)

c. Name the **THREE** different types of internal and external communication methods.

(3)

This question continues on the next page.

d. For a business to be successful, there must be effective communication. Describe **ONE** way of effective communication in a team.

(2)

e. Explain **TWO** functions of the Department of Commerce.

(2)

f. Risk taking and management are two functions of an entrepreneur. Describe these **TWO** functions.

i. Risk taking

(2)

ii. Management

(2)

g. Change is an essential part of business growth and survival in a competitive market. However, businesses often face resistance when implementing new strategies or adapting to external factors.

i. Why do businesses need to initiate and respond to change?

(3)

ii. How can businesses overcome resistance to change?

(3)

-
- h. Sustainable Development Goal (SDG) 8 relates to decent work and economic growth. Discuss the role of an entrepreneur in the creation of employment and wealth, with reference to SDG 8.
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-
-
-
-
-
-

(4)

(Total: 25 marks)

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

(1)

- b. Tick the correct answer:

- i. Which of the following is **not** a service typically offered by banks? (1)

- Accepting deposits.
 Lending money.
 Selling physical gold or silver directly.
 Transferring money between accounts.

- ii. A bank statement is a summary document showing all transactions in a bank account over a specific period. Which of the following is **not** typically listed in a bank statement? (1)

- Standing order.
 ATM withdrawals.
 Direct Debit.
 Future loans eligibility.

- iii. Which of the following best describes a personal, simple, short-term budget? (1)

- A financial plan covering all future expenses for the next five years.
 A financial plan that lists expected income, expenses, and any credit repayments for a short period, such as a month.
 A record of all past financial transactions for the last year.
 A detailed analysis of investments and retirement savings.

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c. Explain **THREE** personal services that are offered by commercial banks.

(3)

d. Which key term best describes the situations below. The first one has been done for you.

(4)

Scenario	Key Term
John spends €1,200 even though his monthly income is only €1,000.	Overspending
Sarah keeps €50 aside every month for emergencies.	
Mark volunteers at a local food bank every weekend.	
Anna uses her credit card to pay for a holiday and agrees to repay in installments.	
Emily plans for potential medical expenses by setting aside a specific budget.	

e. Explain what is meant by the following:

i. Plastic money.

(1)

ii. Internet banking.

(1)

f. Consumers can choose to spend using either cash or credit. Differentiate between consumer spending by cash and consumer spending on credit from the consumer's point of view.

(2)

g. Financial literacy is an essential life-long skill. Provide **THREE** reasons why financial literacy is important as a general life-long learning outcome.

(3)

h. Businesses face various risks in their operations. Distinguish between insurable and non-insurable business risks by listing **ONE** insurable and **ONE** non-insurable business risk.

(4)

i. Table 1 below shows Joe Tonna’s expected receipts and payments for the three months ending 31st March 2025:

Table 1

Detail	January	February	March
	(€)	(€)	(€)
<u>Expected Receipts</u>			
Salary	2,200	2,200	2,200
<u>Expected Payments</u>			
Food and beverages	500	550	600
Other household items	250	250	350
Transportation	300	300	800
Rent	900	1,100	1,100
Credit card repayment	200	200	200
Clothing	150	230	170
Other Repayments	200	300	350

This question continues on the next page.

d. Part of the success of a business is directly linked to the skills of employees. This is why training is very important. List **TWO** advantages and **TWO** disadvantages of on-the-job training.

(4)

e. Trade unions play a vital role for people in employment. Discuss why trade unions are important.

(3)

f. MotionX, a well-established organisation in Malta, is looking to hire a Marketing Manager. The ideal candidate must have at least five years of experience in the field and a degree in Marketing or a related field.

The organisation wants to attract highly qualified individuals, and also needs the position to be filled within a month.

Based on the scenario above, justify **TWO** suitable media for advertising the Marketing Manager position.

(6)

This question continues on the next page.

g. Discuss the impact of ineffective non-financial motivation strategies on employee performance and business outcomes.

(4)

(Total: 25 marks)

4. a. Outline the role of the marketing function within a business organisation.

(1)

b. Define market segmentation.

(1)

c. List **THREE** different forms of transportation used to deliver products to customers.

(3)

d. Tick the correct answer

i. What is the primary characteristic of cost-plus pricing? (1)

- Setting a price based on competitors' prices.
- Adding a percentage markup to the cost of producing a product.
- Charging the highest price the market will bear.
- Offering a low initial price to attract customers.

ii. Which of the following is **not** an example of creaming the market? (1)

- Charging a high price for a newly launched smartphone.
- Offering discounts to attract customers in a competitive market.
- Setting a high price for a luxury car.
- Introducing a premium product at a higher price.

iii. Penetration pricing is best described as: (1)

- Offering a low initial price to quickly attract a large customer base.
- Setting prices based on the perceived value of the product.
- Adding a fixed margin to the cost of the product.
- Charging the same price as competitors.

e. The internet and e-commerce have significantly impacted marketing practices worldwide. Explain **ONE** way how the internet has changed the way in which businesses market their products or services.

(2)

f. The product life cycle describes the stages a product goes through from development to discontinuation. Explain the following stages in the product life cycle:

i. Pre-launch

(1)

ii. Growth

(1)

iii. Obsolescence

(1)

g. Explain **TWO** functions of the Malta Competition and Consumer Affairs Authority (MCCAA).

(2)

This question continues on the next page.

h. Read the following and answer the questions:

FreshBlends Smoothies is a small business that produces healthy, organic smoothies. The company operates in a competitive market, aiming to attract health-conscious customers. FreshBlends has a limited budget for promotions and is considering one of the following:

Method 1 - Running targeted social media advertisements showcasing the health benefits of their smoothies.

Method 2 - Having sales representatives offer free samples in gyms and health clubs.

i. Discuss **ONE** advantage and **ONE** disadvantage of the promotion methods being considered by FreshBlends Smoothies.

(4)

ii. When creating a marketing strategy, businesses must consider the ethical implications of their decisions to ensure responsible and fair practices. Evaluate **THREE** ethical aspects a business should consider when developing a marketing strategy.

(6)

(Total: 25 marks)

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**SECONDARY EDUCATION CERTIFICATE LEVEL
2025 MAIN SESSION**

SUBJECT:	Business Studies
PAPER NUMBER:	II – Level 1-2
DATE:	8 th May 2025
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. Define opportunity cost.

(2)

ii. A business is growing its operations and has decided to invest in new machinery, instead of hiring additional trained staff. Identify the opportunity cost of this decision.

(2)

iii. A business is offering non-financial incentives to motivate its' employees. Explain **ONE** non-financial incentive.

(2)

This question continues on the next page.

b. In Table 1 classify the following goods and services under the appropriate heading. (4)

Bottled water	Haircut	Books	Personal training
Loan	Canned tuna	Food courier	Dental check-up

Table 1

Goods	Services

c. Define the **THREE** stages of production.

(6)

d. Identify **TWO** examples of activities from any **TWO** stages of production.

(4)

(Total: 20 marks)

2. a. Explain the main function of the following entities:

i. Malta Enterprise

(2)

ii. Malta Stock Exchange (MSE)

(2)

b. Describe **TWO** features of a planned economic system.

(4)

c. Outline **ONE** advantage and **ONE** disadvantage of any **TWO** management styles.

(4)

d. i. Outline **TWO** types of business organisations.

(2)

ii. Describe the process of privatisation.

(2)

iii. Sketch an organisation chart highlighting a tall organisation, showing functional top-down hierarchy. (4)



(Total: 20 marks)

3. a. i. List **FOUR** internal economies of scale.

(4)

ii. Explain **TWO** factors influencing business location.

(2)

4. a. Credit cards and hire purchase agreements are two forms of consumer credit. Describe these **TWO** forms.

i. Credit Cards:

(2)

ii. Hire Purchase Agreements:

(2)

b. Businesses operate in dynamic environments where they encounter various risks. Describe the following **TWO** business risks.

i. Financial Risk:

(2)

ii. Reputational Risk:

(2)

c. Table 2 below shows the costs incurred by David to produce 420 jars of strawberry jam in March:

Table 2

Cost item	Costs (€)
Strawberries	1,575
Sugar	300
Jars	630
Labels	42
Rent	1,200
Factory Insurance	250

i. Using the above information, calculate **each** of the following costs:

a. Fixed Cost

(1)

b. Variable Cost

(2)

c. Total Cost

(1)

ii. David now requires determining whether the following expenditure are capital or revenue expenditure. In Table 3 below, classify whether the expenditure should be recorded as a capital or revenue expenditure by ticking 'X' under the respective heading. The first one has been done for you. (4)

Table 3

	Capital Expenditure	Revenue Expenditure
Purchase of Strawberries		X
Upgrading of jam-making machinery		
Advertising campaign for a new flavour		
Replacement of worn-out equipment parts		
Fuel expenses for delivery van		

d. Queen Bee provided you with the following financial information for the year ended 31 December 2024:

	€
Sales	800,000
Gross Profit	480,000
Net Profit	240,000
Current Assets	60,000
Current Liabilities	40,000
Capital Employed	640,000

This question continues on the next page.

Using the information provided on the previous page, in Table 4 below, work out the listed ratios. The formulas have been given to you. (4)

Table 4

Ratio	Formula	Value
Gross Profit Margin	$(\text{Gross Profit} / \text{Sales}) \times 100$	
Net Profit Margin	$(\text{Net Profit} / \text{Sales}) \times 100$	
Return on Capital Employed	$(\text{Net Profit} / \text{Capital Employed}) \times 100$	
Current Ratio	$(\text{Current Assets} / \text{Current Liabilities})$	

(Total: 20 marks)

5. a. State **FOUR** difficulties that local businesses face when trading with other countries.

(4)

b. i. Outline the difference between a trade deficit and a trade surplus.

(4)

ii. Briefly describe **TWO** components of the current account of the Balance of Payments which give rise to a trade deficit or surplus.

(4)

c. Fair trade has gained importance in a globalised world as a means to promote ethical practices and sustainability in trade. Sustainable Development Goal 12: Responsible Consumption and Production, emphasises the need for fair and sustainable global economic systems.

Demonstrate **TWO** ways why fair trade is important in a globalised world.

(4)

d. Examine **TWO** ways how protectionism can be carried out by countries.

(4)

(Total: 20 marks)

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**SECONDARY EDUCATION CERTIFICATE LEVEL
2025 MAIN SESSION**

SUBJECT:	Business Studies
PAPER NUMBER:	II – Level 2-3
DATE:	8 th May 2025
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. A business is growing its operations and has decided to invest in new machinery, instead of hiring additional trained staff. Identify the opportunity cost of this decision.

(2)

ii. A business is offering non-financial incentives to motivate its' employees. Explain **ONE** non-financial incentive.

(2)

This question continues on the next page.

b. In Table 1, classify the following goods and services under the appropriate heading. (4)

Bottled water	Haircut	Books	Personal training
Loan	Canned tuna	Food courier	Dental check-up

Table 1

Goods	Services

c. Explain the interdependence between **each** stage in the chain of production of a wooden table.

(6)

d. In a mixed economy, business enterprises in the private sector are distinct from those in the public sector in terms of ownership, objective, and control and finance. Compare and contrast these **THREE** features.

i. Ownership

(2)

ii. Objective

(2)

.....
iii. Control and Finance

_____ (2)

(Total: 20 marks)

2. a. Explain the main function of the following entities:

i. Malta Enterprise

_____ (2)

ii. Malta Stock Exchange (MSG)

_____ (2)

b. Describe **TWO** features of a planned economic system.

_____ (4)

c. Discuss **ONE** advantage and **ONE** disadvantage of any **TWO** management styles.

_____ (4)

This question continues on the next page.

d. Read the following statement and then answer the questions (i) to (iii) that follow.

Christina and Mark are considering opening a beauty shop. They are not sure whether to open a partnership or a private limited company. After meeting with a lawyer, they are also considering entering into a franchise agreement with an international brand.

i. Compare and contrast partnership and private limited company in terms of Formation, and Management and control.

(4)

ii. Distinguish between unlimited and limited liability.

(2)

iii. Evaluate **ONE** advantage of being a franchisee.

(2)

(Total: 20 marks)

3. a. Two forms of market research include desk research and field research. Explain **TWO** differences between the two forms.

(4)

4. a. Businesses operate in dynamic environments where they encounter various risks. Describe the following **TWO** business risks.

i. Financial Risk

_____ (2)

ii. Reputational Risk

_____ (2)

b. Table 2 shows the costs incurred by David to produce 420 jars of strawberry jam in March:

Table 2

Cost item	Costs (€)
Strawberries	1,575
Sugar	300
Jars	630
Labels	42
Rent	1,200
Factory Insurance	250

i. Using the above information, calculate **each** of the following costs:

a. Fixed Cost

_____ (1)

b. Variable Cost

_____ (2)

c. Total Cost

_____ (1)

ii. David now requires determining how to treat the capital and revenue expenditure in the financial statements. In Table 3 below, distinguish whether the expenditure should be recorded in the Statement of Financial Position or the Statement of Profit or Loss. The first one has been done for you. (4)

Table 3

	Statement of Financial Position / Statement of Profit or Loss
Purchase of Strawberries	<i>Statement of Profit or Loss</i>
Upgrading of jam-making machinery	
Advertising campaign for a new flavour	
Replacement of worn-out equipment parts	
Fuel expenses for delivery van	

c. Any growing business requires various sources of finance. Compare and contrast **ONE** internal and **ONE** external source of finance that a growing business can make use of.

(4)

d. Table 4 below shows the results of the profitability and liquidity ratios of Tanya’s boutique. Compare the profitability and liquidity of Tanya’s boutique using **ALL** the ratios in table 4 below.

Table 4

Ratio	Formula	Value
Gross Profit Margin	$(\text{Gross Profit}/\text{Sales}) \times 100$	45%
Net Profit Margin	$(\text{Net Profit}/\text{Sales}) \times 100$	13%
Return on Capital Employed	$(\text{Net Profit}/\text{Capital Employed}) \times 100$	21%
Current Ratio	$(\text{Current Assets} / \text{Current Liabilities})$	1.6:1

(4)

(Total: 20 marks)
Please turn the page.

5. a. Fair trade has gained importance in a globalised world to promote ethical practices and sustainability in trade. Sustainable Development Goal 12 (Responsible Consumption and Production) emphasises the need for fair and sustainable global economic systems. Demonstrate **TWO** ways why fair trade is important in a globalised world by making reference to SDG12.

(4)

b. Examine **TWO** ways how protectionism can be carried out by countries.

(4)

c. Discuss **THREE** benefits of Malta's membership in the European Union for international trade.

(6)

d. Analyse **ONE** effect of multinationals on the local economy.

(2)

e. Discuss how Malta's membership in the European Union alleviate the difficulties of trading overseas.

(4)

(Total: 20 marks)

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