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SUBJECT:	<b>Commerce</b>
PAPER NUMBER:	I
DATE:	8 <sup>th</sup> May 2024
TIME:	9:00 a.m. to 11:05 a.m.

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This paper consists of **FIVE** questions of 20 marks each. Answer **ALL** questions.  
Write the question number and letter in the margin provided.

1. "Since it joined the EU, Malta has changed in many ways. Some of these changes were a direct result of EU membership while others were simply the result of globalisation. Being a member of the EU has given Malta the opportunity to voice its opinions on the political issues facing Europe and the world."

*(Article adapted from: Malta representation ec.europa)*

- (a) What is the main aim of the European Union (EU)? (2)
- (b) How many member states are there currently in the European Union (EU)? List any **TWO**. (3)
- (c) State **TWO** advantages and **ONE** disadvantage of adopting the Euro (€) as a common currency. (3)
- (d) Identify **TWO** advantages and **ONE** disadvantage that Malta experiences as a European Union (EU) member, apart from those related to the Euro currency. (3)
- (e) Explain how the European Union (EU) promotes fair competition amongst its member states in the field of commerce. (3)
- (f) Describe **ONE** recent development in EU commerce that addresses environmental or sustainability concerns. (3)
- (g) Describe **ONE** way in which NAFTA **or** EFTA support businesses. (3)

**(Total: 20 marks)**

2. "The Maltese government is dedicated to fostering a business-friendly climate and provides both domestic and foreign businesses with a variety of forms of assistance."

*(Article taken from The Trade council)*

- (a) List **TWO** government agencies that provide support and guidance to entrepreneurs and business owners in Malta. (2)
- (b) Explain **ONE** way in which the government can financially assist small businesses to grow. (3)
- (c) What is fiscal policy? Give an example of **ONE** fiscal policy tool. (3)
- (d) Define the term consumer protection and give **ONE** reason why it is essential in commerce. (3)
- (e) List **THREE** ways how the Commission of Fair Trading protects consumers. (3)
- (f) Describe the main function of the Consumer Claims Tribunal. (3)
- (g) What is an NGO? List **ONE** NGO that helps promote consumer awareness. (3)

**(Total: 20 marks)**

***Please turn the page.***

3. "The EU reported that a relevant share of international trade occurs through intermediaries. Especially small and less efficient firms can export thanks to the presence of intermediaries operating on a larger scale and exploiting economies of scale. Many firms in emerging markets have access to foreign markets thanks to the presence of intermediaries."

*(Article adapted from: europarl.europa.eu)*

- (a) Define the term middleman and give **ONE** example. (2)
- (b) State **THREE** functions that retailers provide in the marketplace. (3)
- (c) Give **THREE** reasons for the omission of the wholesales in the chain of distribution. (3)
- (d) What is the purpose of the Balance of Payments account? (3)
- (e) Explain the effect of an appreciation of the domestic currency on the imports and exports of that same country. (3)
- (f) How does the Malta Freeport contribute towards facilitating international trade? (3)
- (g) Mention **THREE** ways how the modern retail trade is changing. (3)

**(Total: 20 marks)**

4. In today's dynamic landscape of commerce, the way in which products move from producers to customers is like a well-connected chain. It works smoothly with online markets, where the internet plays a big role. The online world not only changes how things are bought and sold, but also helps businesses connect globally.

- (a) Define the term chain of distribution. (2)
- (b) List **THREE** forms of transportation that are available to international traders. (3)
- (c) Mention **THREE** considerations that will determine the choice of transportation method for goods. (3)
- (d) List **TWO** advantages and **ONE** disadvantage of the use of the internet as an advertising tool. (3)
- (e) Mention **THREE** types of advertising other than informative advertising. (3)
- (f) State **THREE** ways in which market research is important to business. (3)
- (g) What is the difference between an insurable and a non-insurable risk? Give **ONE** example of **each**. (3)

**(Total: 20 marks)**

5. No business can be carried out without funding. The financial structure of a business is closely connected to how the business is set up. Just like a building needs a strong plan, the way a business is organised affects where its funds come from.

- (a) What is the main difference between private and public sector organisations? Give **ONE** example of **each**, from the Maltese scene. (4)
- (b) What is the difference between limited and unlimited liability for a business? (3)
- (c) Mention **THREE** factors that a business owner should consider when choosing a suitable business location. (3)
- (d) Distinguish between short-term and long-term sources of finance and give **ONE** example of **each**. (3)
- (e) What does a rate of stock turnover of 5 times mean for a business? (2)
- (f) Give **ONE** advantage and **TWO** disadvantages of having a very high stock turnover. (3)
- (g) Calculate the value for Sales when Cost of Sales of a business is €450,000 and the Gross Profit is €75,000. (2)

**(Total: 20 marks)**




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SUBJECT:	<b>Commerce</b>
PAPER NUMBER:	IIA
DATE:	9 <sup>th</sup> May 2024
TIME:	9:00 a.m. to 11:05 a.m.

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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. "Bluefin tuna grown in Maltese fish farms will now be exported to China, following the signing of a new importation agreement between the two countries. China will now be added to the list of other Asian countries Malta exports tuna to, as the country already exports tuna to Japan and even South Korea."

*(Article taken from: The Times of Malta - 4<sup>th</sup> Nov 2023 (www.timesofmalta.com))*

- (a) Name and describe **FIVE** trade documents. (10)  
 (b) Discuss **FOUR** problems faced by exporters. (8)  
 (c) Compare and contrast tariffs and quotas. (7)

**(Total: 25 marks)**

2. The Banking System is made up of many different types of banks, two of which are central banks and commercial banks.

- (a) Explain **FIVE** functions of the Central Bank. (10)  
 (b) Mention the different characteristics of a current account, savings account and a fixed deposit account. (5)  
 (c) Briefly explain **FIVE** other services offered by commercial banks. (10)

**(Total: 25 marks)**

3. "Motorists have reported drastic increases in their car insurance premiums, with some seeing up to 40% increase in costs in just one year. One car rental company said the premium increase for its fleet (of cars) meant a rise of almost €100,000 in insurance costs."

*(Article taken from: The Times of Malta - 12<sup>th</sup> Dec 2023 (www.timesofmalta.com))*

- (a) Explain the purpose of insurance with reference to the pooling of risks. (4)  
 (b) Explain **FOUR** principles of insurance. (12)  
 (c) Describe the characteristics of the **THREE** different types of Motor Vehicle Insurance. (9)

**(Total: 25 marks)**

***Please turn the page.***

4. "The widespread use of information technology has undoubtedly turned our lives upside down. The technological revolution is about to disrupt industrial production globally, a process that is referred to as the Fourth Industrial Revolution or Industry 4.0."

*(Article taken from: The Times of Malta - 14<sup>th</sup> Jan 2022 (www.timesofmalta.com))*

- (a) Name and explain the **THREE** types of production, giving **TWO** examples of **each**. (9)
- (b) Discuss **THREE** advantages and **THREE** disadvantages of specialisation. (12)
- (c) Name and explain **FOUR** qualities of money. (4)

**(Total: 25 marks)**

5. "Usually, a combination of reasons, and not just one, would cause a company to fail or to risk failure. It may result from poor corporate governance or some fraud or wrongdoing, but again it need not. Recent and not-so-recent instances of real companies closing down or facing financial difficulties include Enron, Pan-Am, Volkswagen, Boeing and Parmalat, SVB and Credit Suisse."

*(Article taken from: The Times of Malta - 23<sup>rd</sup> Jul 2023 (www.timesofmalta.com))*

- (a) Compare and contrast a sole trader type of business and a company. (10)
- (b) Differentiate between the Memorandum of Association and the Articles of Association of a company. (8)
- (c) Explain the difference between trade and services to trade. (7)

**(Total: 25 marks)**

6. "A study conducted by the Malta Chamber of SMEs in collaboration with Misco among 237 business owners shows that 60% of SMEs in Malta in 2022 increased their total turnover when compared to the previous year. 22% replied that the turnover during 2022 remained the same and 17% replied that the turnover decreased when compared to 2021."

*(Article taken from: The Times of Malta - 3<sup>rd</sup> Feb 2023 (www.timesofmalta.com))*

- (a) Name and explain **TWO** ratios that may be used to assess the profitability, and another **TWO** ratios to assess the liquidity of a business (12)
- (b) Explain **FIVE** steps that need to be taken in order to form a company. (10)
- (c) Briefly explain **THREE** functions of the wholesaler. (3)

**(Total: 25 marks)**

7. Write brief notes on **any FIVE** of the following, each one carries 5 marks.

- (a) Transport Malta Maritime (Malta Maritime Authority).
- (b) Containerisation.
- (c) Visible and invisible trade.
- (d) Franchising.
- (e) Cooperatives.
- (f) Partnership.
- (g) Malta Stock Exchange. (25)

**(Total: 25 marks)**




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SUBJECT: **Commerce**  
 PAPER NUMBER: IIB  
 DATE: 9<sup>th</sup> May 2024  
 TIME: 9:00 a.m. to 11:05 a.m.

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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 complete the sentences (a) to (t). Each word/phrase is to be used only once. Write the answers on the booklet provided.

food	interest	clothes	bulk
credit	bonds	capital	savings
current	portable	shares	durable
quotas	fixed deposit	licence	tariffs
name	tax	risk	transport

The capital of a company is made up of \_\_\_\_ (a) \_\_\_\_ while money loaned to a company is referred to as \_\_\_\_ (b) \_\_\_\_ . There are various barriers to trade; \_\_\_\_ (c) \_\_\_\_ are import duties imposed on goods imported into a country and \_\_\_\_ (d) \_\_\_\_ are restrictions on the number of goods imported into a country.

People and businesses can put their money in a commercial bank. A \_\_\_\_ (e) \_\_\_\_ account is one in which the customer puts a sum of money for a specific period of time and receives interest. A \_\_\_\_ (f) \_\_\_\_ is one in which the customer puts money which can be withdrawn at any time and receives a very low amount of interest. A \_\_\_\_ (g) \_\_\_\_ account is one in which the customer is given a cheque book and does not receive any interest.

In international trade, \_\_\_\_ (h) \_\_\_\_ and \_\_\_\_ (i) \_\_\_\_ are examples of invisible trade, whereas \_\_\_\_ (j) \_\_\_\_ and \_\_\_\_ (k) \_\_\_\_ are examples of visible trade. Three functions of the wholesaler are: breaking of \_\_\_\_ (l) \_\_\_\_, taking on \_\_\_\_ (m) \_\_\_\_ and offering \_\_\_\_ (n) \_\_\_\_ .

The five steps required to form a company are: one must first register its \_\_\_\_ (o) \_\_\_\_, then deposit the minimum amount of \_\_\_\_ (p) \_\_\_\_ in a bank account, then submit the Memorandum and Articles of Association of the company and apply for a business \_\_\_\_ (q) \_\_\_\_ and finally register the company for \_\_\_\_ (r) \_\_\_\_ purposes. Two qualities of money are that it has to be \_\_\_\_ (s) \_\_\_\_ and \_\_\_\_ (t) \_\_\_\_ .

(40)

**(Total: 40 marks)**

***Please turn the page.***

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

- (a) A trade document sent by the seller to the buyer in order to inform the buyer of the amount of money owed to the supplier. (2)
- (b) The market place where second-hand shares are bought and sold. (2)
- (c) A trade document sent by the supplier to the customer, which gives an estimate of the price of the job that the supplier is ready to offer. (2)
- (d) An organisation that is formed by at least five persons, owned and run by private persons and the customers are also the owners. (2)
- (e) A type of production that is related to the extractive industry. (2)
- (f) The purpose of this directorate/authority is to regulate, monitor and manage sea activities that take place within ports and the internal and territorial waters of Malta. (2)
- (g) A type of agreement made between a well-known outlet and another business, allowing the latter to use the name and techniques of the former, at a charge. (2)
- (h) The process of packing cargo into very large steel boxes for transporting goods. (2)
- (i) Concentrating on and becoming an expert in a particular job. (2)
- (j) A type of production that is related to the service industry. (2)

**(Total: 20 marks)**

3. The following list of balances was extracted from the books of William Lanzon, a sole trader, during the year ended 31 December 2023:

	€
Sales for the year	1,500,000
Opening Inventory at 01/01/23	90,000
Purchases for the year	880,000
Closing Inventory at 31/12/23	70,000
Current Assets (including inventory) at 31/12/23	150,000
Other Expenses incurred during the year	100,000
Current Liabilities at 31/12/23	100,000
Owner's Capital at 01/01/23	2,000,000

- (a) From the above information, calculate the following:
  - (i) the cost of sales; (2)
  - (ii) the gross profit; (1)
  - (iii) the net profit; (1)
  - (iv) the gross profit as a percentage of sales; (2)
  - (v) the net profit as a percentage of sales; (2)
  - (vi) the net profit as a percentage of owner's capital; (2)
  - (vii) the current ratio; (2)
  - (viii) the acid-test ratio. (2)
  - (ix) rate of inventory turnover. (2)
- (b) List **TWO** advantages and **TWO** disadvantages of William's sole trader type of business. (4)

**(Total: 20 marks)**

**SECTION B: Answer ONE question from this section.**

4. (a) List **THREE** differences between a private company and a public company. (6)  
(b) Name **THREE** provisions that should be included in **each** of the Memorandum of Association and Articles of Association. (6)  
(c) Explain the meaning of trade and give **TWO** examples. (4)  
(d) Briefly explain the services to trade and give **TWO** examples. (4)

**(Total: 20 marks)**

5. (a) Describe **THREE** functions of the Central Bank. (6)  
(b) Name **FOUR** principles of insurance and explain **ONE** of them. (6)  
(c) Mention **TWO** types of Motor Vehicle Insurance and describe the characteristics of **ONE** of them. (4)  
(d) Explain the meaning of the terms C.I.F. and F.O.B. (4)

**(Total: 20 marks)**

6. (a) Explain briefly **THREE** services offered by commercial banks, other than that of depositing money in accounts. (6)  
(b) Describe **THREE** problems that a business might face when exporting goods to another country. (6)  
(c) List **FOUR** characteristics of a partnership type of business. (6)  
(d) What is the purpose of insurance? (2)

**(Total: 20 marks)**