



ST. FRANCIS SECONDARY SCHOOL

SPECIMEN ANNUAL PAPER

FORM 3

ECONOMICS

TIME: 2 Hrs

Directions to students

Answer ALL questions on the exam paper and graph paper provided. Read each question carefully. You are reminded of the necessity for good English and neat presentation. Electronic calculators may be used.

Answer BOTH questions in this section

- 1 a. David Borg is a sole trader. As a sole trader David has *unlimited liability* and the business is *not a separate legal entity*.

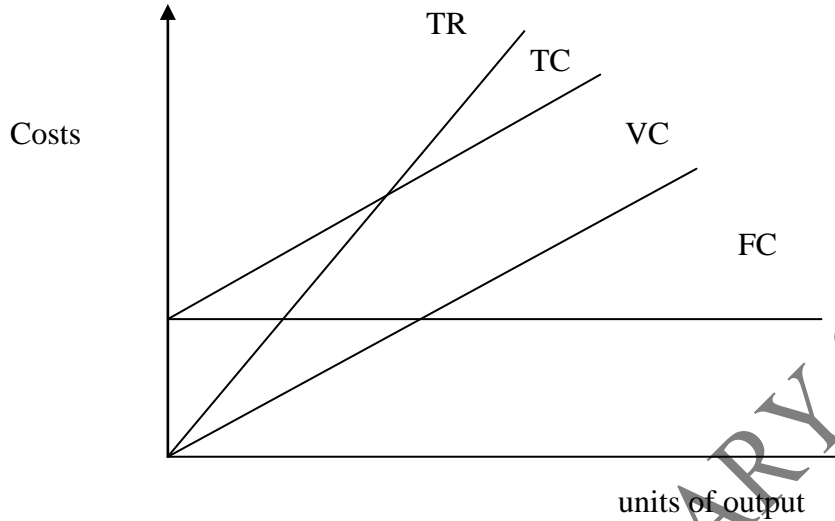
What is meant by:

- i. unlimited liability (2)
 - ii. not a separate legal entity. (2)
- b. List two advantages of a sole trader. (2)
- c. In a partnership there may be a sleeping partner. Why is he called so and what type of liability is he allowed to have? (3)
- d. Discuss three advantages of a partnership. (3)

Limited Companies are businesses which may be formed by two to an unlimited number of members.

- e. Who are the members of the limited companies and what are they entitled? (2)
- f. Who decides the overall company policy? (1)
- g. What is the difference between Private limited Companies and Public Limited Companies? (5)
- h. What is the difference between Ordinary shares and Preference shares? (5)

2. The graph below, shows the level of output that represents the break-even point of production.



- a. What is meant by 'break-even' point of production? (3)
- b. Below is a table of costs of production of dresses (3)

Total output of dresses	Total Costs €
0	100
100	800
200	1500
300	2200
400	2900
500	3600
600	4300

- i. What is the average cost of producing 200 dresses? (3)
- ii. What is the amount of fixed costs of production? (3)
- iii. What is the variable cost of producing a dress? (3)
- iv. If the company produced 500 dresses and wanted to make a €1400 profit from their sale, what must be the price of each dress? (4)
- c. Define variable costs and fixed costs. Give an example of each (6)

Answer TWO questions from this section (20 marks each)

1. a. Why do firms want to grow? (3)
b. Name the three types of Integration (3)
c. Define each type of integration while giving an example of each (10)
d. Suggest two reasons why small firms still manage to survive (4)

2. a. Explain the meaning of (i) Specialisation by Product ? (2)
(ii) Specialisation by Process? (2)
Give an example of each. (2)
b. Discuss the advantages and disadvantages of division of labour (9)
c. Discuss three circumstances where it might not be a good idea to use the system of Division of Labour. (5)

3. a. Explain what is a Stock Exchange? (2)
b. What are the functions of the Stock Exchange? (6)
c. Name two public companies listed on the Stock Exchange (2)
d. What do you understand by 'Speculation'? (2)
e. What is a 'bear' and a 'bull' ? (3)
f. Name three securities listed on the Stock Exchange (3)
g. Name two market participants in the Stock Exchange? (2)

4. a. What are Merit Goods? (1)
- b. Name the four factors of production (2)
- c. Which are the 3 R's that help reduce the problem of non-replaceable land resources? (3)
- d. Name the three main types of economic systems (3)
- e. What type of economy do we have in Malta? Give one reason to support your answer. (3)
- f. Define very briefly the three sectors of production. (3)
- g. How can you explain 'increasing returns to scale'? (2)
- h. Explain briefly one type of internal economy of scale (3)

Good Luck!

