

**ST.FRANCIS SECONDARY SCHOOL – SLIEMA
SPECIMEN PAPER HALF-YEARLY EXAMINATION**

FORM 4

ECONOMICS

TIME: 2 HOURS

NAME : _____

CLASS: _____

Answer Question 1 and any three from questions 2 - 7 .
Each question carries 25 marks.

1. Below is the demand and supply schedule for ice-creams.

Price (cents)	Qty demanded per month (000's)	Qty supplied per month (000's)
50	10	60
45	20	55
40	30	50
35	40	45
30	50	40
25	60	35
20	70	30

- (a) Plot the demand and supply curves on the graph paper provided. (5 marks)
- (b) What is the equilibrium price, and equilibrium quantity traded of ice-creams? (4 marks)
- (c) What is the amount of excess demand or excess supply if the price is set at 40c? Show this on your graph. (3 marks)
- (d) Name three conditions of demand that may change and lead to an increase in the demand for ice-creams. (3 marks)
- (e) Explain what is the difference between a movement along the demand curve and a shift on the demand curve. On the plotted graph indicate clearly a movement along the demand curve and a shift in the demand curve labelling each accordingly. (5 marks)
- (f) What is the price elasticity of demand when the price changes from 35c to 40c ? Comment on it's value. (5 marks)

2. (a) What is meant by weight-losing industries, and where would a firm involved in this type of production tend to locate ? (3 marks)
- (b) What do you understand by a footloose industry? (3 marks)
- (c) Give three factors that may influence the location of a new furniture factory (6 marks)
- (d) Give three characteristics of a regional problem (7 marks)
- (e) Explain three types of assistance available from the government for new firms in regional problem areas (6 marks)
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3. (a) Explain briefly the main functions of the Stock Exchange. (10 marks)
- (b) The stock exchange run markets for buying and selling new and second hand securities. Mention three types of securities traded on Malta Stock Exchange. (5 marks)
- (c) Name three Maltese companies whose shares are quoted on the Malta Stock Exchange. (4 marks)
- (d) Describe other sources of finance available for firms apart from issuing shares or debentures. (6 marks)
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4. (a) What is the difference between a 'Loan Capital' and a 'Risk Capital' ? (5 marks)
- (b) What is the difference between an ordinary share and a preference share? (3 marks)
- (c) What do you understand by a 'Stockbroker'? (5 marks)
- (d) Name two Stockbrokers in Malta. (4 marks)
- (e) What is the difference between a 'Bull' and a 'Bear' (4 marks)
- (f) Define the following (i) Speculation (ii) Debentures (4 marks)
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5. (a) Why do firms want to grow ? (3 marks)
- (b) Mention two types of internal economies of scale and explain what benefits these bring to growing businesses. (4 marks)
- (c) What is the difference between take-overs and mergers ? (4 marks)
- (d) What is the difference between vertical integration and horizontal integration. Illustrate your explanation by examples. (5 marks)
- (e) What do you understand by the term 'Conglomerates' ? Give an example (4 marks)
- (f) Despite the benefits of growing in scale, small firms still exist in large numbers. Discuss briefly the reasons why small firms still survive in modern economies. (5 marks)
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6. (a) Explain what is meant by a decrease in supply. (3 marks)
- Name and explain three reasons that may cause this to happen. (4 marks)
- (b) How will each of the following effect the market for sugar in the short run :
- (i) a government health campaign persuading people to consume less sugar. (6 marks)
- (ii) a government subsidy for the sugar beet industry. (6 marks)
- (iii) a decrease in the productivity of workers in the sugar beet industry ? (6 marks)
- Illustrate your answers with diagrams in all cases.
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7. (a) Name and draw the three exceptional cases where price elasticity of demand is constant along the demand curve. (9 marks)
- (b) Discuss the factors which affect the price elasticity of demand. (8 marks)
- (c) Explain how knowledge of price elasticity of demand of a product, may help the producer to change the price in order to increase his Total Revenue. (8 marks)