



DEPARTMENT OF  
EDUCATION

SCHOOL CERTIFICATE  
EXAMINATIONS

**BUSINESS  
STUDIES**

6<sup>th</sup> October 2010

Time allowed: 3 hours

Candidates are advised to  
fully use the time allocated

**BS 10**

**INSTRUCTIONS TO CANDIDATES:**

*(To be read out by the external invigilator before the start of the examination)*

There are 46 questions in this paper. Attempt ALL questions even if you are not so sure of some of the answers.

The Examination is divided into three parts:

**PART A: Multiple-Choice (Questions 1 to 25)**

**PART B: Short-Answer (Questions 26 to 45)**

**PART C: Extended Response (Question 46)**

The Answer Sheet is part of the Examination Booklet. Take out the middle pages and remove the Answer Sheet by tearing along the perforation. You may use the blank sheet for rough work.

For each question in **PART A (Questions 1 to 25)** choose the best answer by writing the letter A or B or C or D in the space provided on the **ANSWER SHEET**.

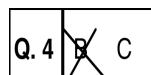
For each question in **PART B (Questions 26 to 45)** work out the answer and write the answer in the space provided on the **ANSWER SHEET**.

For the question in **PART C (Question 46)** write your answer in a short paragraph in the space provided on the **ANSWER SHEET**.

If you find a question very difficult, do not spend too much time thinking about it. Leave the question out and go on with the rest of the paper. If you have time in the end, return to the difficult questions and think about them more carefully.

Write your answers in **BLUE** or **BLACK** (pen or biro).

If you decide to change an answer, make your correction as shown below so that it is clearer to the markers what your final answer is. Do **NOT** use correction fluid on your answer sheet.



Hand in **BOTH** the Answer Sheet and the papers used for rough work at the end of the examination.

**Extra time will NOT be allowed to complete the examination under any circumstances.**

**Penalty for cheating or assisting to cheat in national examinations is non-certification.**

**DO NOT TURN OVER THIS PAGE AND DO NOT  
WRITE UNTIL YOU ARE TOLD TO START.**

**PART A (Questions 1-25)**

**For QUESTIONS 1-25, choose the best answer by writing A or B or C or D or E in the space provided on your answer sheet.**

**QUESTION 1**

Which of the following is NOT an example of a small-scale production?

- A. poultry
- B. wokabaut sawmill
- C. trout farming
- D. building construction

**QUESTION 2**

Credit transactions are usually recorded in a

- A. cash book.
- B. journal.
- C. stock record sheet.
- D. daily cash sales book.

**QUESTION 3**

An expression in business that refers to a person performing all the management responsibilities himself or herself without assistance of others is known as

- A. wearing one hat
- B. wearing many hats
- C. having one head
- D. having many heads.

**QUESTION 4**

The Central Bank of PNG is also known as the

- A. Bank of PNG.
- B. PNG Banking Corporation.
- C. Agriculture Bank of PNG.
- D. Bank of South Pacific Limited.

**QUESTION 5**

Which of the following is NOT a role of the Central Bank?

- A. Issuing the nation's currency
- B. Holding PNG's reserves of gold and foreign currency
- C. Keeping track of the public debt of PNG
- D. Issuing travellers cheque

**QUESTION 6**

A loan used to buy land or a house or any kind of building is called a

- A. lease.                      B. mortgage.                      C. credit.                      D. hire purchase.

**QUESTION 7**

What is a cash balance?

- A. one form of income earning.                      B. balance after adding all purchases.  
C. running balance at the end of a day.                      D. one form of expenditure.

**QUESTION 8**

Which of the following factors of production involves man-made resources?

- A. land                      B. labour                      C. capital                      D. entrepreneurship

**QUESTION 9**

The Goods Act states that products sold in stores must be of merchantable quality. The word merchantable means that products sold in stores must be

- A. of a high quality.                      B. locally produced.  
C. in reasonable condition.                      D. cheap.

**QUESTION 10**

The distribution of goods to the final consumer is called?

- A. production                      B. promotion and advertising  
C. packaging and labelling                      D. placement

**QUESTION 11**

Which of the following insurance policies should an employer take to cover employees against injuries and deaths while at work?

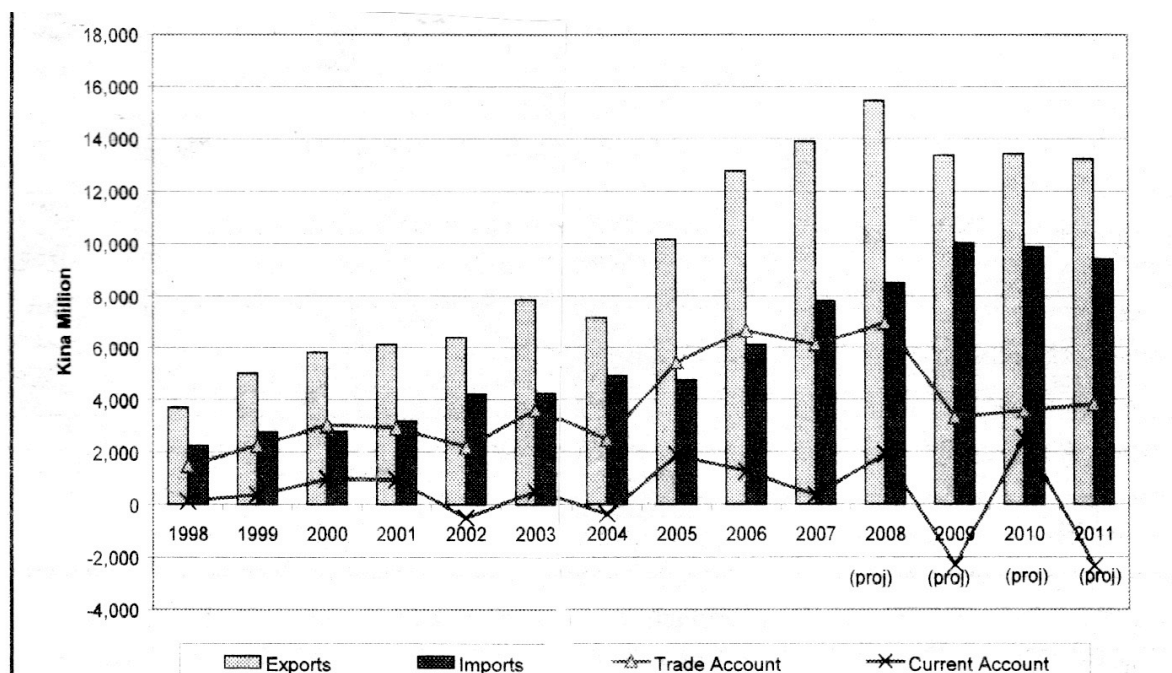
- A. Third Party Motor Vehicle                      B. Comprehensive  
C. Life Assurance                      D. Workers Compensation

**QUESTION 12**

The primary reason for conducting market research is to

- A. promote a particular product.  
B. find the level of demand for a particular product.  
C. distribute goods to where the final consumers are.  
D. fix the mark-up on a particular product.

For questions 13 to 15, refer to the graph of PNG's Imports and Exports below.



Source: Bank of PNG

**QUESTION 13**

What was Papua New Guinea's total value of exports in 2001?

- A. K3050m
- B. K4050m
- C. K5050m
- D. K6050m

**QUESTION 14**

According to the graph the trend of PNG's international trade between 1998 and 2008 has shown

- A. increasing exports and decreasing imports
- B. decreasing exports and increasing imports
- C. increasing exports and increasing imports
- D. steady or constant increase in both exports and imports.

**QUESTION 15**

How much did Papua New Guinea received for it's exports in 2008

- A. K14,000m
- B. K10,000m
- C. K9000m
- D. K8000m

**QUESTION 16**

Which of the following insurance policies should an employer take to cover employees against injuries and death while at work?

- A. Third Party Motor Vehicle
- B. Comprehensive

C. Life Assurance

D. Workers Compensation

**For questions 17 to 19, refer to the following information.**

<b>FOREIGN EXCHANGE RATES</b> (Foreign Currency Units Per Kina)						
	<b>Dec 1990</b>	<b>Dec 1991</b>	<b>Dec 1992</b>	<b>Dec 1993</b>	<b>Dec 1994</b>	<b>Dec 1995</b>
Australian Dollar	1.36	1.38	1.41	1.51	1.09	1.01
U.S Dollar	1.05	1.05	1.01	1.02	0.85	0.75
Japanese Yen	141.36	131.91	126.09	113.93	84.71	77.15
German Mark	1.57	1.60	1.64	1.77	1.32	1.08
Pounds Sterling	0.55	0.56	0.67	0.69	0.54	0.48
New Zealand Dollar	1.76	1.94	1.97	1.82	1.32	1.15
Singapore Dollar	1.81	1.71	1.66	1.63	1.24	1.06
Hong Kong Dollar	8.20	8.17	7.84	7.87	6.57	5.79
Swiss Franc	0.74	0.73	0.74	0.79	0.58	0.50

*Source: Bank of Papua New Guinea*

*As of 31<sup>st</sup> December*

**QUESTION 17**

In what year was the Kina at its strongest?

- A. 1990                      B. 1992                      C. 1993                      D. 1995

**QUESTION 18**

The general trend of the Singapore Dollar on the PNG currency exchange rate was

- A. getting stronger.                      B. becoming weaker.  
C. remaining steady.                      D. the world's weakest.

**QUESTION 19**

If a Papua New Guinean tourist had wanted to visit Hong Kong, what year would have been the best to obtain the maximum amount of Dollar's for his Kina?

- A. 1990                      B. 1991                      C. 1994                      D. 1995

**QUESTION 20**

Which of the following is NOT a factor of production?

- A. Natural resources                      B. Labour  
C. Business Plan                      D. Enterprise

**QUESTION 21**

PNG's Trading Partner	Value of Visible Exports (K million)	Value of Visible Imports (K Million)
Australia	200	250
New Zealand	50	100
Japan	100	200
China	70	20
USA	80	90
United Kingdom	150	40

The table above indicates a balance of trade

- A. surplus of K50 million.                      B. deficit of K50 million.  
C. totalling of K650 million.                  D. totalling K700 million.

**QUESTION 22**

Which of the following can be used in both oral and written communication?

- A. Landline phone    B. Mobile phone    C. Electronic mail    D. Hand signal

**QUESTION 23**

The primary reason for production is to

- A. provide employment                      B. satisfy needs and wants  
C. make more money                         D. produce more luxury goods

**QUESTION 24**

The Government of Papua New Guinea has put a complete ban on the import and sale of lamb flaps in stores. Which of these words expresses the action taken by the PNG Government?

- A. Quota                      B. Embargo                      C. Tariff                      D. Deficit

**QUESTION 25**

The rise in the general price of goods and services is known as

- A. depreciation.    B. appreciation.    C. inflation.    D. deflation.

**PART B (Questions 26 to 45)**

For each question work out the answer and write it in the space provided on the ANSWER SHEET.

For questions 26 to 30 refer to the information below.

<i>Current Assets</i>	<i>Amount</i>
Bank	\$10,000.00
Food	\$500.00
Clothes	\$12,500.00
<b>Total Current assets</b>	<b>Q.26</b>
<i>Non-Current Assets</i>	
Gardening tools	\$1000.00
Dog	\$400.00
Furniture	\$90,000.00
Motor vehicles	\$60,000.00
House and Land	\$350,000.00
Fixed term deposit	\$15,500.00
Horses	\$23,000.00
Property	\$300,000.00
TV Company	\$500,000.00
<b>Total Non-current assets</b>	<b>Q.27</b>
<i>Current liabilities</i>	
Visa	\$5000.00
Parents	\$2500.00
Master Card	\$4500.00
<b>Total current liabilities</b>	<b>Q.28</b>
<i>Non-Current Liabilities</i>	
Bank loan	\$23,000.00
Mortgage	\$50,000.00
<b>Total Non-Current Liabilities</b>	<u>\$73,000.00</u>
Total Liabilities	<u>\$85,000.00</u>
<b>Net worth</b>	<b>\$1,277,900.00</b>

Answer questions 26 to 28 by calculating the missing totals from the table.

**QUESTION 29**

Name one item that comes under non-current liabilities.

**QUESTION 30**

Calculate the value of the total asset.

**QUESTION 31**

When the price of a commodity increases what will happen to the supply of that commodity? (one word answer)

**Questions 32 to 35 refers to the information below.**

**Total Volume of PNG's Trade (1995)**

Exports = K100 million – Agriculture 30%, Timber 15%, Fishing 30%, Minerals 20%, Others 5%

Imports = K150 million – Vehicles 35%, Machineries 35%, Clothes 10% ,Food 5%, Others 15%

**QUESTION 32**

Work out how much (in kina) PNG earned from agriculture.

**QUESTION 33**

How much did PNG earn from both timber and fishing together?

**QUESTION 34**

How much did PNG spend on vehicles and machineries?

**QUESTION 35**

According to the information the value of import is greater than the value of exports. The term used for this situation is: \_\_\_\_\_.

**QUESTION 36**

Calculate the balance of trade.

**QUESTION 37**

What is the market situation in which there is only one seller and many buyers called?

**QUESTION 38**

When two parties sign an agreement promising each other to fulfil each others obligations this is known as:\_\_\_\_\_.

**QUESTION 39**

Under what sector of the economy does transport come?

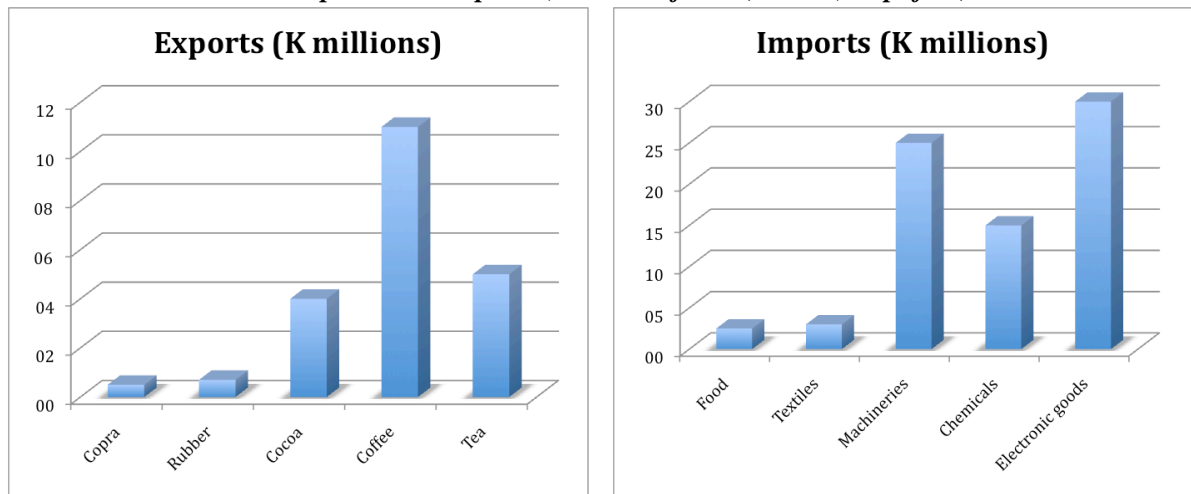
**QUESTION 40**

When there is shortage in supply, what happens to the price of that commodity?



Questions 41 to 45 refer to the information below.

*PNG Exports and Imports (millions of Kina) 1989 (simplified)*



**QUESTION 41**

According to the graph, on which import item did PNG spend the least?

**QUESTION 42**

Give one example of an electronic item that is imported.

**QUESTION 43**

What was the total estimated value of the three items on which PNG spent the most?

**QUESTION 44**

Which export commodity generated the lowest revenue?

**QUESTION 45**

Give one reason why the two lowest revenue earners have not earned more. (2 words)

**PART C (Question 46) (5 marks)**

Write your answers in the spaces provided on your ANSWER SHEET.

**QUESTION 46**

The following table shows the price, demand and supply of kaukau (kg) at the local market.

Using the information in the table, draw a line graph on the grid squares *ON THE ANSWER SHEET*.

1. Label the Price on the vertical axis.
2. Label Demand/Supply on the horizontal axis.
3. Devise a suitable scale for each axis.
4. First plot the data for Demand (quantity demanded) against all price levels on the grid.
5. Second plot the Supply (quantity supplied) at all price levels on the grid.
6. Connect the points for the demand data and then connect the points for supply data.
7. Label the two lines drawn correctly; i.e. “D” for Demand and “S” for supply.
8. On the graph, write down the coordinates for the point where the two lines cross each other (intersect).

Price	Demand	Supply
10	5	40
9	10	35
8	15	30
7	20	25
6	25	20
5	30	15
4	35	10
3	40	5
2	45	3
1	50	0

**END OF EXAMINATION**