



Education and Sport Development

Department of Education and Sport Development
Departement van Onderwys en Sport Ontwikkeling
Lefapha la Thuto le Tihabololo ya Metshameko

NORTH WEST PROVINCE

**NATIONAL
SENIOR CERTIFICATE**

GRADE 10

BUSINESS STUDIES

MEMORANDUM

JUNE EXAM –2017

MARKS: 200

This memorandum consists of 17 pages

SECTION A
QUESTION 1

- 1.1.1. B√√
1.1.2. D√√
1.1.3. B√√
1.1.4. C√√
1.1.5. D√√

(5X2) (10)

- 1.2.1. Human resource√√
1.2.2. Institutional√√
1.2.3. Gambling√√
1.2.4. Non-profit company√√
1.2.5. Unlimited√√

(5X2) (10)

- 1.3.1 E √√
1.3.2 C√√
1.3.3 F √√
1.3.4 B√√
1.3.5 D√√

(5x2) (10)

[30]

SECTION B

Answer Any THREE questions from this section

QUESTION 2

2.1

- 2.1.1 Competitors√√
2.1.2 Trade unions√√
2.1.3 Regulators√√

(2)

(2)

(2)

2.2

- Human resources√ e.g. workers√
- Physical resources√ e.g. raw materials√
- Financial resources√ e.g. capital/ shares√
- Information resources√ e.g. computer/equipment √
- Any other relevant example.

(2 x 4)(8)

2.3 **Importance of the Public relations for the business**

- It attracts investors, √ potential clients and suppliers. √
- Maintains and improves the loyalty√ of investors, suppliers, customers and employees. √
- Develops internal communication channels√ between management and employees. √

(2 X 2)(4)

2.4 Nature and purpose of the National Credit Act

- Promoting the development of a credit market√ accessible to all South Africans. √
- Encourage responsible borrowing, √ avoidance of over-indebtedness and fulfillment of financial obligations by consumers. √
- Promoting equity in the credit market√ by balancing rights and responsibilities of credit providers and consumers. √
- Discourage reckless credit granting√ by providers and contractual default by consumers. √
- To provide both credit providers and credit applicants√ with clear guidelines regarding their rights and responsibilities. √

(2 x 2)(4)

2.5

2.5.1 Physical environment

- The physical environment consists of water, raw materials and climate needed to produce goods and services. √√
- Also includes infrastructure such as roads, railways, bridges, airports, water pipelines and power lines. √√
- Businesses should decrease the negative effects of pollution e.g. safe ways to get rid of waste materials. √√
- Find alternative energy sources e.g. solar energy and wind energy. √√
- Treat the physical environment responsibly e.g. by recycling materials and using wood from sustainable forests. √√
- Any other relevant answer.

(2 x 2)(4)

2.5.2 Technological environment

- Technological environment includes the development of new and innovative knowledge, products, resources, techniques and markets. √√
- Technology brings constant innovation and change to the business. √√
- New technological goods and services are constantly being invented. √√
- Technology can streamline business operations to increase effectiveness. √√
- A business that uses new technology usually has an advantage over its competitors as it produces faster and better products. √√
- Operations technology is where people are replaced by machinery e.g. dish washing machines replace dishwashers in restaurants. √√
- Information technology is where computers are used by people for communication and networking. √√
- Any other relevant answer.

(2 x 4)(4)
[30]

QUESTION 3

3.1

- 3.1.1 Private company √√ **(2)**
- 3.1.2 Public Company. √√ **(2)**
- 3.1.3 Partnership. √√ **(2)**

- 3.1.4 Limited. √√ (2)
- 3.1.5 Limited. √√ (2)
- 3.1.6 Unlimited. √√ (2)

3.2

<p>Advantages of Sole trader</p> <ul style="list-style-type: none"> • Receive all profits √√ • Make all decisions. √√ • Little paperwork to start-up. √√ • Flexible management structure. √√ • Very little start-up capital needed. √√ <p style="text-align: right;">(6)</p>	<p>Disadvantages of Sole trader</p> <ul style="list-style-type: none"> • Have to make own decisions √√ • Little support √√. • Unlimited liability √√ • Cash flow can be an issue. √√ <p style="text-align: right;">(6)</p>
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NB: Mark the first three

3.3 Entrepreneurial qualities

- Desire for responsibility. √
- Take calculated risks. √
- Perseverance. √
- Good management and leadership skills. √
- Confidence in one’s ability to succeed. √
- High levels of energy. √
- Passion. √
- Big dreams with a clear vision. √
- Exceptional organizational skills √.
- High degree of commitment. √
- Willpower to overcome obstacles. √
- Flexibility. √

(Mark the first six)

**(6 X 1)(6)
[30]**

QUESTION 4

4.1

4.1.1

- Public sector √√
- The business owned by the government √√ (4)

4.1.2 Differences between Private and Public sectors.

Public sector	Private sector
<ul style="list-style-type: none"> • Includes industries that are controlled by the government. √√ • Aims to provide services to the 	<ul style="list-style-type: none"> • Refers to businesses owned by private individuals. √√ • Aimed to make a profit. √√

<p>community. √√</p> <ul style="list-style-type: none"> • Examples are essential services such as law enforcement, health, electricity and telecommunications. √√ • Examples of such businesses include Eskom, Telkom, SABC and Spoornet. √√ • Any other relevant answer. <p>(3 x 2)(6)</p>	<ul style="list-style-type: none"> • Examples include retail stores, property agents, restaurants and banks. √√ • Any other relevant answer. <p>(3 x 2)(6)</p>
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(Mark the first three)

(12)

4.1.3 Advantages of the Public sector

- Deliver more affordable services. √√
- Provides job opportunities. √√
- Services are for use by everyone. √√
- Any other relevant answer.

(2 x 2)(4)

4.2 Economic sectors

Primary Sector: √

- Activities that harvest collect or extract raw materials from nature. √
- E.g. mining, forestry, agriculture, fishery. √

Secondary Sector: √

- Process raw materials from the primary sector into semi and finished goods and supplies it to the tertiary sector. √
- E.g. factories processing wood into furniture. √

Tertiary Sector: √

- This includes bringing finished products from the secondary sector to the consumer by selling/rendering a service. √
- E.g. wholesalers, retailers, services, undertakings (banks, transport, (telecommunication) √.

(10)
[30]

QUESTION 5

5.1

5.1.1

- Human resource√ - workers employed√
- Purchasing√ – ordered daily√
- Production √– produce cement√
- Marketing √– internet and flow √

(8)

5.2 **Quality** is a measure of how good a product or a process is. / A degree of excellence and high standard. ✓✓ (2)

5.3

5.3.1 **Purchasing function**

- Good quality raw materials✓ and stock will be purchased. ✓
- Goods purchased✓ will be of the right quality, quantity will be right price, place and time. ✓
- Purchasing will be done✓ from the suitable suppliers. ✓
- Any relevant answer. **Max (4)**

5.3.2 **Marketing function**

- Business will have a clear understanding✓ of its customer base. ✓
- Products will be sold✓ at an appropriate price. ✓
- Customers will be informed✓ about your business.✓
- Any other relevant answer. **Max (4)**

5.3.3 **Financial function**

- Regular financial reports✓ will be given. ✓
- The business will not have✓ cash flow problems. ✓
- Preparing financial statement✓ and reporting to shareholders. ✓
- Any other relevant answer. **Max (4)**

5.4

5.4.1 **Types of Investments**

- Shares✓✓
 - Property, buildings and machinery✓✓
 - Unit trusts✓✓
 - Government retail bonds✓✓
 - Fixed deposits✓✓
 - Commodities✓✓
 - Foreign exchange✓✓
 - Company debentures✓✓
 - Money markets accounts✓✓
 - Savings accounts✓✓
 - Call deposits✓✓
 - Angel investments✓✓
 - Any other relevant answer
- (Mark the first two)** **Any (2 x 2) (4)**

5.4.2 **Distinguish between Fixed and Working capital**

Fixed capital	Working capital
• Fixed capital is assets which	• Working capital is used to

remain in the business with the purpose of earning an income. √√ • E.g. land buildings, vehicles and equipment. √√ • Any other relevant answer. (Any 1x2)(2)	cover the day to day running of the business. √√ • E.g. to purchase stock, current bank account. √√ • Any other relevant answer. (Any 1x2)(2)
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(2 x 2)(4)**[30]****QUESTION 6****6.1 Basic management tasks that Ms Mothupi lacks.****6.1.1**

- Planning √√ e.g. Ms Mothupi does not set proper goals and does not do proper planning for the future. √√
- Organizing √√ e.g. Ms Mothupi does not allocate resources effectively to different departments and cannot place her employees together according to their relevant skills. √√
- Leading e.g. √√ Ms Mothupi fails to guide her employees to perform their duties to the best of their ability. √√
- Any other relevant answer.

(12)**6.1.2 Other tasks of management.**

- Activating √√
- Directing and controlling √√
- Coordination √√
- Communication √√
- Delegating √√
- Decision-making √√
- Disciplining √√
- Motivating √√

(3 x 2) (6)**(Mark the first three only).****6.2 Main differences between Old and New Companies Act.**

- The new Companies Act does not make provision for formation of new Close Corporations. √√
- The Memorandum of Association and Articles of Association have been replaced with only one document i.e. The Memorandum of Incorporation (Mol). √√
- A new scale has been introduced to determine whether private companies and existing CCs will be audited. √√
- More attention is given to corporate governance. √√

(2 x 2)(4)**6.3****6.3.1 Inclusivity**

- Inclusivity means that no one should be discriminated against. √√
- Discrimination is when a person is excluded from something. √√

- Each person is valued regardless of their status, age, disability, race, gender etc. ✓✓
- Any other relevant answer. (2)

6.3.2 Examples of how the business can implement Inclusivity in the workplace.

- Promote equal opportunities for every employee to obtain skills for promotion and a career path. ✓✓
- Promote respect for every employee and their contribution in the workplace. ✓✓
- Promote a healthy, happy working environment, which in turn increase work satisfaction and productivity. ✓✓
- An Inclusivity policy should be part of the businesses' vision. ✓✓
- This policy must be communicated to all staff. ✓✓
- Both males and females should have equal opportunities for employment, promotion and remuneration. ✓✓
- Any other relevant answer. (3 x 2)(6)

[30]

TOTAL SECTION B: [90]

SECTION C

QUESTION 7

7.1 Introduction

- Socio-economic issues are societal challenges that impacts negatively on the business. ✓
- The business is situated in communities where the members of the community are its employees and its customers. ✓
- Any other relevant introduction.

(2 x 1)(2)

7.2 Body

7.2.1 Effects of Piracy

- Businesses enterprises lose out on money that could have been used for expansion and creation of job opportunities. ✓✓
- Counterfeiting often results in price increases of original goods. ✓✓
- Leads to financial losses for the business. ✓✓

- Businesses lose out potential income if goods are bought from illegal vendors. √√
- Any other relevant answer. **(2 x 2)(4)**

Solutions

- Businesses found guilty of selling pirated goods are face fines and business owners face criminal charges. √√
 - Ethical business practices to be applied by the business. √√
- (2)**

Submax (6)

7.2.2 Effects of HIV/AIDS

- HIV infected workers are always absent from work, hence they reduce production. √√
- Cost of providing treatment to the infected workers adds to the total cost of the business. √√
- Business incurs additional cost in training new workers to replace those infected. √√
- As more people die, the market also gets reduced. √√
- Business pay more in employee benefits e.g. funeral assistance √√
- There is a loss of skill in those infected. √√
- Any other relevant answer related effects of HIV/AIDS. **(2 x 2)(4)**

Solutions

- Educate the staff about HIV/AIDS. √√
- Encourage staff to get tested and know their status. √√
- Arrange for counseling and treatment for those who are infected. √√
- Arrange for funeral schemes which would assist after death of the breadwinners. √√
- Provide medical aid scheme. √√
- Any other relevant answer relevant to solutions of HIV/AIDS. **(2)**

Submax (6)

7.2.3 Effects of Poverty and Inequality

- Poor people have little or no money to spend, this affects the sales of the business. √√
- Poor people depend on social grants which is a burden to businesses as they are the tax payers. √√
- Inequality refers to the unequal distribution of income and wealth between different individuals in a country. √√
- It causes tension between people either at workplaces or in the society. √√
- Any other relevant answer related to poverty and inequality. **(2 x 2)(4)**

Solutions

- Introducing BBBEE programmes to empower the disadvantaged. √√
- CSR –Giving grants to the poor taxed from the rich. √√
- CSR- Improving infrastructure and services in poor communities. √√
- Any other relevant answer related to solutions to poverty and inequality√√. (2)

Submax (6)**7.2.4 Effects of Crime**

- The direct costs of the goods and money stolen. √√
- The cost of damage to the property/goods. √√
- Indirect costs of disruption to business hours and staff time off. √√
- Loss of essential equipment causing temporary closure of the business. √√
- The increase in medical expenses and insurance premiums. √√
- Loss of staff.√√
- Security costs as the business tries to protect itself from being the victim of crime. √√
- Any other relevant answer related to effects of crime. (2 x 2)(4)

Solutions

- Better, more visible policing and faster response times. √√
- Reporting crime to the police and working with them√√.
- Installing effective security measures and reducing the level of cash on premises. √√
- Any other relevant answer. (2)

Submax (6)**7.2.4 Strikes, political disturbances and labour disputes.**

- These can all reduce productivity due to loss of working time during the strike. √√
- Can lead to violence. √√
- They reduce sales and profit. √√
- Leads to poor working relations between the employer and employees if not resolved on time. √√ (2 x 2)(4)

Solutions

- Collectively bargaining between the employer and union representatives. √√
- Payment of fair wages, reasonable working hours and granting of leaves. √√
- Maintaining of labour peace. √√
- Any other relevant answer. (2)

Submax (6)**7.3 Conclusion**

- The business must be aware of the impact of socio-economic issues and address them. √√

- Any other relevant answer.

(1 x 2)(2)

Breakdown of mark allocation:

Details	Maximum	Subtotal	Total
Introduction		2	
Socio-economic issues:	6	28	
Piracy			
HIV/AIDS	6		
Poverty and equality	6		Max 32
Crime	6		
Strikes, political disturbances and labour disputes	6		
Conclusion		2	
Insight			
Layout			2
Analysis / Interpretation			2
Synthesis			2
Originality /own examples			2
TOTAL MARKS			40

QUESTION 8**Introduction**

- A cooperative is a traditional way for a group of interested parties to get together and share resources, infrastructures and costs to achieve a better outcome. ✓
- This is often found in rural areas where people are forced to cooperate due to lack of knowledge, resources and skills. ✓

(1 X 2)(2)

Body**Characteristics of co-operatives**

- A minimum of five members is needed to form a cooperative. ✓✓
- At least 7 members can establish an agricultural cooperative.
- Trading co-operatives requires at least 25 members. ✓✓
- Must register with registrar of co-operative associations. ✓✓
- The name ends with the word "co-operative". ✓✓
- Managed by a minimum of three directors elected by members themselves. ✓✓
- Capital is acquired by selling shares. ✓✓
- There are many legal formalities involved. ✓✓
- Co-operatives are legal entities. ✓✓
- The liability of members is limited ✓✓.

- Members must act in good faith (honest) ✓✓
- Any relevant answer relating to characteristics of co-operatives.

(Any 5 x 2)(10)

Partnership	Private company
<ul style="list-style-type: none"> • No restrictions to the name ✓✓. • Formed by two to no limitation • Does not have a separate legal identity/Unlimited liability. ✓✓ • The business is not taxed but partners pay tax in their personal capacity. ✓✓ • The business dissolves when one partner dies or retires. / Lacks continuity. ✓✓ <p>(5 x 2)(10)</p>	<ul style="list-style-type: none"> • The name ends with Proprietary Limited/ (Pty) Ltd. ✓✓ • Formed by one or more shareholders. ✓✓ • The business has the legal identity/Limited liability. ✓✓ • Double taxed./The company is taxed on profit received and shareholders are taxed on dividends received. ✓✓ • Has continuity/Continues when a shareholder retires. ✓✓ <p>(5 x 2)(10)</p>

8.4 CONCLUSION

- It is important for the entrepreneur to understand that each form of ownership has factors to be considered before deciding on the type of business. ✓✓

(1 x 2)(2)

Breakdown of marks:

Details	Maximum	Subtotal	Total
Introduction		2	
Characteristics of cooperatives	10		
Distinction between Partnership and Private company	20	28	
Conclusion		2	32
Insight		8	
Layout	2		
Analysis, interpretation	2		
Synthesis	2		
Originality /own examples	2		8
TOTAL MARKS			40

LASO

Allocate 2 marks if all requirements are met.

Allocate 1 mark if only some requirements are met.

Allocate no marks where requirements are not met at all.

QUESTION 9 BUSINESSS ROLES**9.1 Introduction**

- Social refers to people ✓
- Responsibility refers to an obligation or duty towards someone. ✓
- Social responsibility is a business's obligation to contribute towards welfare of people. ✓
- To conduct business operations in such a way that it contributes to the welfare of stakeholders and the environment. ✓✓
- It is about businesses doing more than what is expected of them by regulators. ✓✓
- Not only does a business's involvement in corporate social responsibility benefit communities and the environment, it also benefits the business itself. ✓✓

(Any 2 x 1)(2)**9.2 Advantages for businesses**

- Being involved with corporate social responsibility helps recruit the best candidates. ✓✓
- Being involved with corporate social responsibility helps improve a business's image. ✓✓
- Being involved with corporate social responsibility helps to build customer loyalty. ✓✓
- Being involved with corporate social responsibility helps attract investors who want to invest in a business that is socially responsible. ✓✓
- Increased production because workers are proud to be part of such company. ✓✓
- Better health for workers. ✓✓

(Max 10)**.3 Advantages for communities**

- Better standard of living. ✓✓
- Poverty and unemployment decrease. ✓✓
- Better health care ✓✓
- Skills training ✓✓
- Families benefit by CSR programmes and will be loyal and more profitable for business. ✓✓

(Max 10)**9.4 Ways the business give back to the community**

- Protecting the environment e.g. ✓✓ sponsoring nature conservation projects. ✓
- Providing education and training for disadvantaged people ✓✓ e.g. bursaries ✓
- Delivering services that government is slow to deliver ✓✓ e.g. donating money to buy equipment for hospitals. ✓
- Investing in the well-being of employees, their families and communities ✓✓, e.g. by providing employees with housing subsidies. ✓
- Any other relevant answer.

Ways (4 X 2) (8)**Examples (4 x 1) (4)****Max 12**

Conclusion

- The business should always consider the impact they have on their community and the environment. ✓✓ **(2)**

Breakdown of mark allocation

Details			
Introduction	2	3	
Advantages CSR businesses	10	27	Max 32
Advantages CSR communities	10		
Ways business can involved in CSR	8		
Examples	4		
Conclusion		2	
INSIGHT (LASO)			8
Structure/Layout		2	
Analysis		2	
Synthesis		2	
Originality		2	
TOTAL MARKS			40

LASO- For each component:

Allocate 2 marks if all requirements are met

Allocate 1 mark if only some of the requirements are met

Allocate 0 marks where requirements are not met at all

QUESTION 10 BUSINESS OPERATIONS

Introduction

- Quality promotion depends on the type of business and the structure of the business. ✓
- The business needs to know how the type of business impacts on its different functions. ✓
- Any other relevant answer. **(2 x 1)(2)**

BUSINESS FUNCTIONS	QUALITY OF A SOLE TRADER	QUALITY OF A LARGE BUSINESS
Financing	- Not always able to call on large investors, so quality	- Access to large investors ✓✓ - Expertise to ensure

(Sub max 4)	often compromised. √√ (2)	good quality√√ (2)
Purchasing (Sub max 4)	- Not always able to purchase best products, raw materials and machinery owing to limited funding. √√ (2)	- Able to select best-quality and most appropriate resources and machinery. √√ - Able to get bulk discounts√√. (2)
Production (Sub max 4)	- Limited funding and resources to take advantage of mass production. √√ (2)	- Mass production and extensive use of technology. - Division of labour is possible. (2)
Marketing (Sub max 4)	- Marketing is very expensive and small campaigns do not always reach the full target audience. - Focused but quality often compromised. (2)	- Big budgets are available for marketing and employees with lots of experience and expertise ensure that the target market is reached. √√ - Expertise to ensure good quality√√. (2)
Management (Sub max 4)	- Only one person or a few managers. √√ - There is less conflict, however managers manage everything. √√ (2)	- Large number of employees and systems to manage. √√ - Lots of managers and employees. - Leads to conflict and managers can delegate responsibilities. √√ (2)
Administration (Sub max 4)	- Often neglected and it difficult to access information. √√ - Large data storage and processing systems are expensive to buy. √√	- Well structured with specific systems to store large data. √√ - Technology is used to make administration more efficient. √√

	(2)	- The different departments are well supported by the admin function. ✓✓ (2)
Human resources (Sub max 4)	- Human resource has few issues to resolve as there is a few number of employees. ✓✓ (2)	- Large number of employees can cause a large need of human resources. ✓✓ - Conflict situations can arise, salaries leave and training can be very expensive. ✓✓ (2)
Public relations (Sub max 4)	- Public relations are difficult and time consuming. ✓✓ - It can be very expensive for a small business. ✓✓ (2)	- Specialized people can be hired to do public relations. ✓✓ - They are skilled and experienced to promote the image of the business. ✓✓ - Funds are available for corporate social responsibility and public functions. ✓✓ (2)

Conclusion

- The business must be fully conversant of how the different business functions differ in the different types of businesses. ✓✓ (2)

Breakdown of mark allocation

Details	Maximum	Subtotal	Total
Introduction		2	
Impact of Sole trader and Company on business functions:			
Purchasing	4	28	
Production	4		

Financial	4		
Marketing	4		32
Human resource	4		
Public relations	4		
Administration	4		
General management	4		
Conclusion		2	
Insight			
Layout structure			2
Analysis and interpretation			2
Synthesis			2
Originality / Own examples			2
TOTAL MARKS			40

LASO-For each component

Allocate 2 marks if all requirements are met

Allocate 1 mark if only some requirements are met.

Allocate 0 marks where requirements are not met at all.

TOTAL SECTION C: 80

GRAND TOTAL: 200