



KWAZULU-NATAL PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

BUSINESS STUDIES

COMMON TEST

MARCH 2023

MARKS : 100

TIME : 1¹/₂ Hours

Stanmorephysics

This question paper consists of 8 pages.

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully before answering the questions.

- This question paper consists of THREE sections

SECTION A: COMPULSORY

SECTION B: Consists of THREE questions

Answer any TWO of the THREE questions in this section.

SECTION C: Consists of TWO questions

Answer ONE of the TWO questions in this section.

- Read the instructions for each question carefully and take particular note of what is required.
- Number the answers correctly according to the numbering system used in this question paper. No marks will be awarded for answers that are numbered incorrectly.
- Except where other instructions are given, answers must be in full sentences.
- Use the mark allocation and nature of each question to determine the length and depth of an answer.
- Use the table below as a guide for mark and time allocation when answering each question.

SECTION	QUESTION	MARKS	TIME
A: Objective-type questions COMPULSORY	1	20	20 minutes
B: THREE direct/indirect- type questions CHOICE (Answer any TWO)	2	20	20 minutes
	3	20	20 minutes
	4	20	20 minutes
C: TWO essay-type questions CHOICE (Answer any ONE essay)	5	40	30 minutes
	6	40	30 minutes
TOTAL		100	90 minutes

- Begin the answer to EACH question on a NEW page, for example QUESTION 1 – new page, QUESTION 2 – new page, et cetera.
- You may use a non-programmable calculator.
- Write neatly and legibly.



SECTION A (COMPULSORY)**QUESTION 1**

1.1 Various options are provided as possible answers to the following questions. Write down the question number (1.1.1–1.1.5) and the correct letter next to it **ONLY**. Example: 1.1.6 A

1.1.1 Intermediaries are one of the components of the ... environment.

- A micro
- B makro
- C market
- D macro

1.1.2 When a business buys another business at an agreed price, this is known as an ...

- A acquisition
- B merger
- C alliances
- D takeovers

1.1.3 The ... of a country represents the characteristics of the population such as age, gender, race, and so on.

- A psychographics
- B sociographic
- C technographics
- D demographics

1.1.4 The business practice of hiring a party outside a company to perform services that were traditionally performed in-house by the company's staff is known as ...

- A leasing
- B partnership
- C outsourcing
- D franchising

1.1.5 The ... company provides essential services such as water and electricity at reasonable prices.

- A personal liability
- B state - owned
- C public
- D private



(5x2) [10]

1.2 Complete the following statements by using the word(s) in the list below. Write only the word(s) next to the question number (1.2.1–1.2.5) in the ANSWER BOOK.



micro; deflation; go-slow; macro; strike; goodwill;
private company; royalties; inflation;
public company;

1.2.1 Changes in income levels is a challenge of the ... environment.

1.2.2 The general increase in the price of goods and services in the country, is known as ...

1.2.3 A ... is usually the result of a labour dispute and it takes place when employees refuse to work.

1.2.4 Payments made to the franchisor by the franchisee based on the turnover of the business is known as ...

1.2.5 A ... is a company that is registered to offer its stock and shares to the general public.

(5x2) (10)

TOTAL SECTION A: [20]



SECTION B

Answer ANY TWO questions in this section.

NOTE: Clearly indicate the QUESTION NUMBER of each question that you choose. The answer to EACH question must start on a NEW page, for example QUESTION 2 on a NEW page, QUESTION 3 on a NEW page, et cetera.

**QUESTION 2: BUSINESS ENVIRONMENTS**

- 2.1 Outline any FOUR challenges of the market environment. (4)
- 2.2 Read the scenario below and answer the questions that follow:

PRIMROSE TRADERS(PT)

The manager of Primrose Traders (PT) lacked the necessary skills required to resolve a dispute between the business and its supplier. This resulted in its competitor taking its customers away.

Use the table below as a GUIDE to answer QUESTION 2.2.1 and 2.2.2 that follow.

CHALLENGES (2.2.1)	BUSINESS ENVIRONMENT (2.2.2)
1.	
2.	


- 2.2.1 Quote TWO challenges from the scenario above that PT has to deal with. (2)
- 2.2.2 Classify EACH challenge quoted in QUESTION 2.2.1 according to the business environment. (4)
- 2.3 Suggest ways in which businesses can be involved in the macro environment. (4)
- 2.4 Explain ways in which businesses can form power relationships. (6)
- [20]**



QUESTION 3: BUSINESS VENTURES

3.1 Outline aspects that must be included in the prospectus. (4)

3.2 Read the scenario below and answer the questions that follow.



BR ALUMINIUM (PTY) LTD (BRA)

BR Aluminium is a private company that specialises in the manufacturing of aluminium doors and windows. BRA made sure to include (Pty) Ltd at the end of their name. They chose a name that is original and not misleading. The company's name also appears on all company documents.

3.2.1 Quote TWO legal requirements of the name of the company from the scenario above. (2)


3.2.2 Explain other legal requirements of the name of the company (6)

3.3 Discuss the impact of outsourcing for a business. (8)
[20]



QUESTION 4: MISCELLANEOUS TOPICS**BUSINESS ENVIRONMENTS**

4.1 Read the scenario below and answer the questions that follow:



LEFTON MANUFACTURERS(LM)

Lefton manufacturers(LM) produces a variety of fruit juices. Their supplier Tropical Farms (TF) provides LM with the variety of fruits required for production.

Use the table below as a GUIDE to answer QUESTION 4.1.1. that follows.

BUSINESS SECTOR	MOTIVATION
1.	
2.	

4.1.1 Identify TWO business sectors from the scenario above.
Motivate your answer by quoting from the scenario. (6)

4.2 Explain the benefits of social responsibility projects for businesses (4)

BUSINESS VENTURES

4.3 Explain the challenges of establishing a company versus other forms of ownership. (6)

4.4 Advise entrepreneurs on the procedure for the formation of companies. (4)

TOTAL SECTION B: [20]
[40]



SECTION C

Answer ONE question in this section.

NOTE: Clearly indicate the QUESTION NUMBER of the chosen question.
The answer to EACH question must start on a NEW page, for example QUESTION 5 on a NEW page, QUESTION 6 on a NEW page, etcetera.

QUESTION 5: BUSINESS ENVIRONMENTS

Socio-economic issues often pose a challenge to many businesses. Strikes tend to impact negatively on business operations. Piracy is a socio-economic issue that is prevalent in many countries. Piracy often affects many businesses negatively.

Write an essay on socio-economic issues, in which you discuss the following aspects:

- Outline the functions of trade unions. 4
- Explain the impact of strikes on businesses. 4
- Discuss the following solutions to piracy:
 - Copyright 3
 - Patent 2
 - Trademark 3
- Advise businesses on the negative impact of piracy **on business**. [40]

QUESTION 6: BUSINESS VENTURES

Some entrepreneurs prefer to purchase an existing business where they also sign contracts depending on the type of business avenue they prefer buying. Franchising and leasing are other opportunities available for entrepreneurs to consider. Prospective business owners should also be aware of the contractual implications of each business avenue.

Write an essay on the avenues of acquiring businesses, in which you discuss the following aspects:

- Outline the advantages of franchising.
- Explain FIVE reasons of purchasing an existing business.
- Discuss the disadvantages of leasing.
- Advise the business on the contractual implications of leasing.



TOTAL SECTION C: [40]
TOTAL MARKS: [100]



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**NATIONAL
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GRADE 11

**BUSINESS STUDIES
COMMON TEST
MARKING GUIDELINE**

MARKS : 100

TIME : 1 $\frac{1}{2}$ Hours

Stanmorephysics
These marking guideline consist of 26 pages.



NOTES TO MARKERS

PREAMBLE

The notes to markers are provided for quality assurance purposes to ensure the following:

- (a) Fairness, consistency and reliability in the standard of marking
- (b) Facilitate the moderation of candidates' scripts at the different levels
- (c) Streamline the marking process considering the broad spectrum of markers across the country
- (d) Implement appropriate measures in the teaching, learning and assessment of the subject at schools/institutions of learning

1. For marking and moderation purposes, the following colours are recommended:

Marker:		Red
Senior	Marker:	Green
Deputy Chief Marker:		Brown
Chief	Marker:	Pink
Internal Moderator:		Orange
DBE Moderator:		Turquoise

2. Candidates' responses must be in full sentences for SECTIONS B and C. However, this would depend on the nature of the question.
3. A comprehensive marking guideline has been provided but this is by no means exhaustive. Due consideration should be given to an answer that is correct but:
 - Uses a different expression from that which appears in the marking guideline
 - Comes from another credible source
 - Original
 - A different approach is used

NOTE: There is only ONE correct answer in SECTION A.

4. Take note of other relevant answers provided by candidates and allocate marks accordingly. (In cases where the answer is unclear or indicates some understanding, part-marks should be awarded, for example, one mark instead of the maximum of two marks.)
5. The word 'Sub-max' is used to facilitate the allocation of marks within a question or sub-question.
6. The purpose of circling marks (guided by 'max' in the breakdown of marks) on the right-hand side is to ensure consistency and accuracy in the marking of scripts as well as for calculation and moderation purposes.
7. Subtotals to questions must be written in the right-hand margin. Circle the subtotals as indicated by the allocation of marks. This must be guided by 'max' in the marking guidelines. Only the total for each question should appear in the left-hand margin next to the appropriate question number.
8. In an indirect question, the theory as well as the response must be relevant and related to the question.

9. Correct numbering of answers to questions or sub questions is recommended in SECTIONS A and B. However, if the numbering is incorrect, follow the sequence of the candidate's responses. Candidates will be penalised if the latter is not clear.
10. No additional credit must be given for repetition of facts. Indicate with a 'R'.
11. The differentiation between 'evaluate' and 'critically evaluate' can be explained as follows:
- 11.1 When 'evaluate' is used, candidates are expected to respond in either a positive/negative manner or take a neutral (positive and negative) stance, e.g. **Positive:** 'COIDA eliminates time and costs spent√ on lengthy civil court proceedings.'√
- 11.2 When 'critically evaluate' is used, candidates are expected to respond in either a positive/negative manner or take a neutral (positive and negative) stance. In this instance candidates are also expected to support their responses with more depth, e.g. 'COIDA eliminates time and costs spent√ on lengthy civil court proceedings√, because the employer will not be liable for compensation to the employee for injuries sustained during working hours as long as it can be proved that the business was not negligent.'√
- NOTE:** 1. The above could apply to 'analyse' as well.
2. Note the placing of the tick (√) in the allocation of marks.
12. The allocation of marks must be informed by the nature of the question, cognitive verb used, mark allocation in the marking guideline and the context of each question.
- Cognitive verbs, such as:
- 12.1 Advise, name, state, outline, motivate, recommend, suggest, (*list not exhaustive*) do not usually require much depth in candidates' responses. Therefore, the mark allocation for each statement/answer appears at the end.
- 12.2 Define, describe, explain, discuss, elaborate, distinguish, differentiate, compare, tabulate, justify, analyse, evaluate, critically evaluate (*list not exhaustive*) require a greater depth of understanding, application and reasoning. Therefore, the marks must be allocated more objectively to ensure that assessing is conducted according to established norms so that uniformity, consistency and fairness are achieved.
13. Mark only the FIRST answer where candidates offer more than one answer for SECTION B and C questions that require one answer.

14. **SECTION B**

14.1 If for example, FIVE facts are required, mark the candidate's FIRST FIVE responses and ignore the rest of the responses. Indicate by drawing a line across the unmarked portion or use the word 'Cancel'.

NOTE: This applies only to questions where the number of facts is specified.

14.2 If two facts are written in one sentence, award the candidate FULL credit. Point 14.1 above still applies.

14.3 If candidates are required to provide their own examples/views, brainstorm this at the marking centre to finalise alternative answers.

14.4 **Use of the cognitive verbs and allocation of marks:**

14.4.1 If the number of facts are specified, questions that require candidates to 'describe/discuss/explain' may be marked as follows:

- Fact 2 marks (or as indicated in the marking guidelines)
- Explanation 1 mark (two marks will be allocated in Section C)

The 'fact' and 'explanation' are given separately in the marking guideline to facilitate mark allocation.

14.4.2 If the number of facts required is not specified, the allocation of marks must be informed by the nature of the question and the maximum mark allocated in the marking guideline.


14.5 **ONE mark may be awarded for answers that are easy to recall, requires one word answers or is quoted directly from a scenario/case study. This applies to SECTIONS B and C in particular (where applicable).**

15. **SECTION C**

15.1 The breakdown of the mark allocation for the essays is as follows:

Introduction	Maximum: 32
Content	
Conclusion	
Insight	8
TOTAL	40

15.2 Insight consists of the following components:

Layout/Structure	Is there an introduction, a body, and a conclusion?	2
Analysis and interpretation 	Is the candidate able to break down the question into headings/subheadings/interpret it correctly to show understanding of what is being asked? Marks to be allocated using this guide: All headings addressed: 1 (One 'A') Interpretation (16 to 32 marks): 1 (One 'A')	2
Synthesis	Are there relevant decisions/facts/responses made based on the questions? Option 1 :Only relevant facts: 2 marks (No '-S') Where a candidate answers 50% or more (two to four sub-questions) of the question with only relevant facts; no '-S' appears in the left margin. Award the maximum of TWO (2) marks for synthesis Option 2 : Some relevant facts: 1 mark (One '-S') Where a candidate answers less than 50% (only one sub-questions) of the question with only OR some relevant facts; one '-S' appears in the left margin. Award a maximum ONE (1) mark for synthesis. Option 3 : Some relevant facts: 1 mark (One '-S') Where a candidate writes FOUR sub-questions, but one/two/three sub-question with irrelevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis. Option 4 :No relevant facts : 0 marks (Two '-S') Where a candidate answers less than 50% (only one sub-question) of the question with no Relevant facts; two '-S' appear in the left margin Award a ZERO mark for synthesis	
Originality	Is there evidence of one or two examples, not older than two (2) years, that are based on recent information, current trends and developments?	2
TOTAL FOR INSIGHT:		8
TOTAL MARKS FOR FACTS:		32
TOTAL MARKS FOR ESSAY (8 + 32):		40



NOTE: 1. No marks will be awarded for contents repeated from the introduction and conclusion.

2. The candidate forfeits marks for layout if the words INTRODUCTION and CONCLUSION are not stated.



3. No marks will be awarded for layout, if the headings INTRODUCTION and CONCLUSION are not supported by an explanation.

- 15.3 Indicate insight in the left-hand margin with a symbol e.g. ('L, A, -S and/or O').
- 15.4 The breakdown of marks is indicated at the end of the suggested answer/markings guideline to each question.
- 15.5 Mark all relevant facts until the SUB MAX/MAX mark in a subsection has been attained. Write SUB MAX/MAX after maximum marks have been obtained, but continue reading for originality "O".
- 15.6 At the end of each essay indicate the allocation of marks for facts and marks for insight as follows:(L – Layout, A – Analysis, S – Synthesis, O – Originality)as in the table below.

CONTENT	MARKS
Facts	32 (max.)
L	2
A	2
S	2
O	2
TOTAL	40

- 15.7 When awarding marks for facts, take note of the sub-maxima indicated, especially if candidates do not make use of the same subheadings. Remember, headings and subheadings are encouraged and contribute to insight (structuring/logical flow/sequencing) and indicate clarity of thought. (See MARK BREAKDOWN at the end of each question.)
- 15.8 If the candidate identifies/interprets the question INCORRECTLY, then he/she may still obtain marks for layout.
- 15.9 If a different approach is used by candidates, ensure that the answers are assessed according to the mark allocation/subheadings as indicated in the marking guideline.



15.10

15.10.1 Award TWO marks for complete sentences. Award ONE mark for phrases, incomplete sentences and vague answers.



15.10.2 With effect from November 2015, the TWO marks will not necessarily appear at the end of each completed sentence. The ticks (✓) will be separated and indicated next to each fact, e.g. 'Product development is a growth strategy ✓, where businesses aim to introduce new products into existing markets.' ✓

This will be informed by the nature and context of the question, as well as the cognitive verb used.

15.11 With effect from November 2017, the maximum of TWO (2) marks for facts shown as headings in the marking guidelines, will not necessarily apply to each question. This would also depend on the nature of the question.



SECTION A

QUESTION 1

1.1

1.1.1 C ✓✓

1.1.2 A ✓✓

1.1.3 D ✓✓

1.1.4 C ✓✓

1.1.5 B ✓✓

(5 x 2) (10)

1.2

1.2.1 macro ✓✓

1.2.2 inflation ✓✓

1.2.3 strike ✓✓

1.2.4 royalties ✓✓

1.2.5 public company ✓✓

(5 x 2) (10)

TOTAL SECTION A: [20]

BREAKDOWN OF MARKS

QUESTION 1	MARKS
1.1	10
1.2	10
TOTAL	20

SECTION B

Mark **ONLY** the **FIRST TWO** questions answered in this Section.

QUESTION 2: BUSINESS ENVIRONMENTS

2.1 THREE challenges of the market environment.

- Competition ✓
- Shortage of supply ✓
- Changes in consumer behaviour ✓
- Demographics and psychographics ✓
- Socio-cultural factors ✓

NOTE: Mark the first FOUR (4) only.

(4 x 1) (4)

2.2

CHALLENGES (2.2.1)	BUSINESS ENVIRONMENTS (2.2.2)
1. The manager of Primrose Traders(PT) lacked the necessary skills required to resolve a dispute between the business and its supplier. ✓	Micro ✓✓
2. This resulted in its competition taking advantage of this issue and attracting its customers away. ✓	Market ✓✓
Sub max (2)	Sub max (4)

NOTE: 1. Mark the first challenge for each environment only.

2. If the business environment is not linked to the challenge, mark the challenge only.

3. Accept responses in any order.

Max (6)



2.3. **Ways in which businesses can be involved in the macro environment**

- Creating new uses for a product by finding new customers. √√
- Influencing regulators through lobbying and bargaining. √√
- Initiating bargaining sessions between management and unions. √√
- Influencing its owners using information contained in annual reports. √√
- Negotiating strategic alliance agreement through contractual processes. √√
- Knowing government regulations and operating within them. √√
- Keeping up with new technologies to improve production and marketing. √√
- Lowering its impact on the environment. √√
- Entering the global market by using the internet to source suppliers and customers. √√
- Working within the law to set up contracts. √√
- Taking advantage of economic changes such as exchange rate, tax breaks. √√
- The business can stay informed about the challenges and developments in the macro environment and can adapt to challenges quickly. √√
- Entering the global market by using the internet to source suppliers and customers
- Working within the law can assist the business to set up contracts. √√
- Any other relevant answer related to ways in which businesses can be involved in the macro environment.

Max (4)

2.4 **Ways businesses can form power relationships**


- **Strategic alliance/Partnership agreements** √√
- Businesses form partnership agreements in order to benefit each in each other's involvement. √
- These partnership alliances help parties involved to benefit in infrastructure development and scarce skills. √
- These alliances are designed to build on the expertise of each partner and on the way and on the way in which they complement each other. √
- Any other relevant answer related to strategic alliance/partnership agreements.



Heading (2)

Explanation (1)

Sub max (3)

- **Persuasion of large investors** ✓✓
- If a business has a powerful investor, the business can often benefit from the relationship so that it can gain credit more easily and better deals from suppliers. ✓
-  Businesses invite powerful influential people to sit on their board of directors in order to get advice from those people. ✓
- Having such powerful as part of the business may have a positive influence on the reputation and image of the business. ✓
- If a business has a large/powerful investor, the business can gain credit more easy/get better deals from suppliers. ✓
- Any other relevant answer related to persuasion of large investors.

Heading (2)

Explanation (1)

Sub max (3)

- **Company representatives' influence** ✓✓
- This representative fulfils an important function in trying to persuade investors to invest in a particular business practice. ✓
- People will make decisions based on the company's image, personality, communication style and power of persuasion. ✓
- Businesses must invest time and energy to recruit the right person for this job ✓
- Any other relevant answer related to company representatives' influence.

Heading (2)

Explanation (1)

Sub max (3)

Max (6)



TOTAL: [20]



BREAKDOWN OF MARKS

QUESTION 2	MARKS
2.1	4
2.2.1	2
2.2.2	4
2.3	4
2.4	6
TOTAL	20



QUESTION 3: BUSINESS VENTURES

3.1. Aspects that must be included in the prospectus

- Company overview, including the vision, mission and goals of a business.√
- Name of the company .√
- Product or service portfolio.√
- Market analysis and strategy .√
- Management team.√
- The risk and potential of the business.√
- Available financial and share information.√
- Company's assets and liabilities.√
- Financial position.√
- Profits and losses.√
- Cash flow.√
- Prospects for growth.√
- Pre-incorporation contracts that have been signed.√
- Date of registration of the prospectus.√
- The minimum subscription.√
- Purpose of the offer .√
- Share capital . √
- Shares issued.√
- Property owned.√
- Preliminary expenses.√
- Executive summary (vision and mission statement , name and registration, number of company, registered business address, primary business activity).√
- Terms of offering(types of shares, share prices)√
- Investor suitability (Historical disadvantaged investors)√
- Risk factors(high, medium,low)√
- Management team (Board of directors and other experts)√
- Any other relevant answer related to the aspects that must be included in the prospectus

Note: Mark the first FOUR(4) only

Max (4)

3.2

3.2.1

- BRA made sure to include (Pty) Ltd at the end of their name. ✓
- They chose a name that is original and not misleading. ✓
- The company's name also appears on all company documents. ✓



Max (2)

3.2.2 Other legal requirements of the name of the company

- Reserving a name for a company is the first step to register a company, but it is not compulsory. ✓✓
- Names can be reserved for a period of 6 months by the CIPC. ✓✓
- The name of a company is subject to approval by CIPC. ✓✓
- The name must not be similar/same as any other company unless it is part of the group. ✓✓
- The name must not imply/suggest/mislead a person to believe that the company is part of another person/business/the state. ✓✓
- The name must not be offensive/promote violence/hatred and cause any harm. ✓✓
- The name must not be shortened and translated. ✓✓
- A company is not allowed to use misleading name i.e the name must be original. ✓✓
- A name reservation is valid for six months. ✓✓
- The name cannot be abbreviated or translated. ✓✓
- The name must appear on all company documents. ✓✓
- Any other relevant answer related to legal requirements of the name of the company.

Max (6)

3.3 Impact of outsourcing for a business

Advantages of outsourcing

- A business has access to resources and equipment ✓for a specific function. ✓
- The production team is often shortened and quality is often improved ✓because specialists are performing the function for the business. ✓
- A company is able to reduce costs ✓as outsourcing can lead to a decrease in staff, remuneration, control and operating costs. ✓



- The business can focus on its vision / goals and to apply its staff more effectively in its core business. ✓
- Improved access to skilled people as the outsourced work will be done by highly skilled people ✓ without the company having to employ them. ✓
- Fixed cost and overhead costs are lower ✓ for the business. ✓
- Outsourcing will provide continuity ✓ during periods of high staff turnover. ✓
- Allows businesses to focus ✓ on important business activities. ✓
- Operations, where costs are running out of control, ✓ can benefit from outsourcing. ✓
- Any other relevant answer related to the advantages of outsourcing.

AND/OR

Disadvantages of outsourcing

- Risk of losing sensitive data ✓ and the loss of confidentiality. ✓
- Risks such as bankruptcy and financial loss ✓ cannot be controlled. ✓
- Lack of organizational learning ✓ and innovative capacity. ✓
- Managing the outsource provider could be more difficult ✓ than managing employees. ✓
- Confidential issues could be at risk ✓ if the information is given to another company who performs the function that is outsourced. ✓
- Outsourcing can create a crisis for the business ✓ if the outsource provider suddenly terminates its contract. ✓
- There may be a lack of personal care/quality ✓ as the business is not personally involved in the execution of the function. ✓
- Hidden costs and legal problems may arise ✓ if the outsourcing terms and conditions are not clearly defined. ✓
- Losing management control of business functions ✓ mean that the business may no longer be able to control operations. ✓
- Not understanding the culture of the outsourcing provider and the location where you outsource to ✓ may lead to poor communication /lower productivity. ✓
- Problems with quality can arise ✓ if the outsourcing provider doesn't have proper processes. ✓
- If important functions are being outsourced, ✓ an organization is mightily dependent on the outsourcing provider. ✓
- Outsourcing provider may work with other customers, ✓ they might not give full time/ attention to a single company resulting in delays and inaccuracies in the work output. ✓
- Labour unions are opposed to outsourcing, ✓ especially where labour brokers are used. ✓

- Any other relevant answer related to the disadvantages of outsourcing.

Max (8)

TOTAL: [20]



BREAKDOWN OF MARKS

QUESTION 2	MARKS
3.1	4
3.2.1	2
3.2.2	6
3.3	8
TOTAL	20

QUESTION 4: MISCELLANEOUS

BUSINESS ENVIRONMENTS

4.1.1

BUSINESS SECTOR	MOTIVATION
1. Secondary ✓✓	<ul style="list-style-type: none"> Lefton manufacturers(LM) produces a variety of fruit juices. ✓
2. Primary ✓✓	<ul style="list-style-type: none"> Their supplier Tropical Farms(TF) provides LM with the variety of fruits required for production. ✓
Sub max (4)	Sub max (2)
	Max (6)



4.2 Benefits of social responsibility projects for businesses

- Increases employees' morale and job satisfaction when they are involved in social responsibility programmes.

- Businesses use CSR/CSI projects may be used as a marketing strategy to promote their products.
- CSI helps to attract investors because of increased profits/income
- Promotes customer loyalty resulting in more sales.
- May attract experienced employees/increase the pool of skilled labour which could increase productivity.
- Positive/Improved image as the business looks after employees/conducts itself in a responsible way.
- A business may have a competitive advantage, resulting in good publicity/an improved reputation.
- The business enjoys the goodwill/support of communities.
- Any other relevant answer related to benefits of social responsibility projects for businesses.

Max (4)

BUSINESS VENTURES

4.3 Challenges of establishing a company versus other forms of ownership

- The owners of the company have more liability. ✓ Directors might not have a personal stake in the company. ✓
- Directors may not have a personal interest in the business ✓ and this could prevent the business from gaining maximum growth and profits. ✓
- Directors who do not have a personal interest ✓ in the business may not attract investors. ✓
- There may be conflict ✓ between the owners of the company and management in control. ✓
- The more shares there are ✓ the less profit per share. ✓
- A company is required to submit a full report ✓ to all stakeholders each financial year. ✓
- The limited liability aspect of the company ✓ generates more paper work in the registration process. ✓
- The owners of the company ✓ have more liability. ✓
- When directors change ✓ there could be a lack of continuity in management. ✓
- Companies have more taxation requirements ✓ and other taxes are high. ✓
- They are required to disclose all financial information ✓ which could provide their

- competitors with an unfair advantage. ✓
- Politics can get in the way ✓ and managers are appointed for the wrong reasons. ✓
- State owned companies often deliver non-profitable services ✓ that lead to government losing money through the business. ✓
- A company can stop existing ✓ if deregistered by the Registrar of Companies. ✓
- A large amount of money of funds is spent on financial audits and accounting fees ✓ due to government regulations. ✓
- Companies must disclose all financial information ✓. This could provide their competitors with an unfair advantage. ✓
- Financial statements must be published ✓ which may reveal important information to competitors / other stakeholders . ✓
- Financial statements must be audited ✓ which increases costs. ✓
- Any other relevant answer related to the challenges of establishing a company versus other forms of ownership.

Max (6)

4.4 Procedure for the formation of companies

- Determine the people establishing the company. ✓✓
- Reserve a company name with the Registrar of Companies. ✓✓
- Prepare a memorandum of incorporation, open a bank account, and register for taxation. ✓✓
- File a notice of incorporation and obtain a unique registration number. . ✓✓
- Obtain a unique registration number. ✓✓
- All companies must be registered with the Registrar of Companies. ✓✓
- Open a bank account and register for taxation. ✓✓
- Draw up a prospectus for potential investors. ✓✓
- Any other relevant answer related to the procedure for the formation of companies..



Max (4)

TOTAL: [20]

4.1.1	6
4.2	4
4.3	6
4.4	4
TOTAL	20



SECTION C

QUESTION 5: BUSINESS ENVIRONMENTS

5.1 Introduction

- Contemporary socio-economic issues often decrease a business's sales and profits. ✓
- Ethical misconduct can be defined as any behaviour by employees of the business that is not consistent with the values of the business. ✓
- Piracy is the unauthorised use/reproduction of another person's original work.
- Many artists lose royalties due to piracy. ✓
- Any other relevant answer related to examples of contemporary socio-economic issues pose a challenge to businesses/types of ethical misconduct/solutions to piracy/negative impact of piracy. ✓

Any (2x1) (2)


5.2 Functions of trade unions

- Improves conditions of employment. ✓✓
- Ensures that all employees are treated equally in the workplace. ✓✓
- Representing the interest of general society and minority groups through media and negotiations. ✓✓
- Influencing government decisions. ✓✓
- Representing employees corporately and individually. ✓✓
- Improving material benefits of their members. ✓✓
- Establishing minimum economic and legal conditions/influencing economic policy and law. ✓✓
- Playing a role as moral institutions that will uplift the weak and oppressed and give them the dignity and justice they deserve. ✓✓
- Protecting workers from unfair labour practices and unfair dismissal. ✓✓



- Take legal action on behalf of members when necessary. ✓
- Any other relevant answer related to function of trade unions

5.3 Impact of strikes on businesses

- Strikes scares off potential investors.
- Businesses may be forced to close down especially those located in townships.
- May results in losses of production as employees stay absent from work during strikes
- Many  businesses suffer losses as a result of damage to property.
- They can lead to violence/assaults/looting/destruction of property and intimidation of workers who don not strike.
- Employees can lose their pays for all the days that they strike.
- Economy can be jeopardized since production is lost.
- Expense of increased salaries and wages is often passes on to the consumer, which causes inflation.
- Businesses loose income because productivity is low.
- Any other relevant answer related to impact of strikes on businesses.

Max (12)

5.4 Solutions to piracy

5.4.1 Copyright

- Businesses can sue ✓ someone who infringes the copyright. ✓
- They can also sue someone ✓ who sells or distributes works that he/she knew were infringements of copyright. ✓
- They can take legal action ✓ against people who copy their products. ✓
- Any other relevant answer related to copyright.

Sub max (4)

5.4.2 Patent

- A patent prevents other businesses/people ✓ not to produce and sell the same product/ specific service. ✓
- Businesses can take out a patent for new inventions ✓ and include a sample of their invention with application. ✓
- They must register a patent ✓ with the patents office in South Africa. ✓
- The invention ✓ must comply with Patent Act No. 57 of 1978. ✓
- They can bring legal proceedings ✓ against anyone who uses the invention. ✓
- Any other relevant answer related to patent.

Sub max (4)

5.4.3 Trademark

- Businesses can trademarks[√] to identify themselves and their products. [√]
- They must register their trademarks[√] with the register of trademarks at the companies and intellectual property registration. [√]
- A registered trademark[√] is protected forever provided it is renewed every ten years and a renewal fee is paid. [√]
- Claim damages[√] from someone who infringes the trade mark. [√]
- Any other relevant answer related to trademark.

Sub max (4)

Max (12)

5.5 Negative impact of piracy

- It can undermines the music/movie industry as they lose money. ^{√√}
- Drives up the prices of products in order to compensate for the loss in sales. ^{√√}
- Leads to job losses in the industry. ^{√√}
- The music industry feel reluctant to develop new talents as the element of risk is too high. ^{√√}
- May cause damage to the value of the businesses. ^{√√}
- The businesses loses out on sales and income which in turn threatens industry.
- The business loses out on productivity and profits. ^{√√}
- Artist may see no value in producing a new set of music or movies because of the reduced sales. ^{√√}
- Any other relevant answer related to negative impact of piracy.

Max (12)


5.6 Conclusion

- Businesses should be able to identify the socio-economic issues that affect there businesses and come up with solutions for these issues. ^{√√}
- A businesses code of conduct should make provision for the consequence of sexual harassment in the workplace. ^{√√}
- Businesses should ensure that they either copyright/patent or use a trademark on their products to prevent piracy. ^{√√}
- Businesses should put measures in place to ensure that the artists rights to their work are not violated, and that they are compensated fairly. ^{√√}

- Any other relevant answer related to examples of contemporary socio-economic issues pose a challenge to businesses/types of ethical misconduct/solutions to piracy/negative impact of piracy. ✓

(1 x 2) (2)

QUESTION 5: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction 	2	Max 32
Examples of contemporary socio-economic issues that pose a challenge to businesses.	10	
Impact of strikes on businesses	12	
Solutions to piracy	12	
Negative impact of piracy	12	
Conclusion	2	
INSIGHT		8
Layout	2	
Analysis/Interpretation	2	
Synthesis	2	
Originality/Examples	2	
TOTAL MARKS		40

LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirements are not met at all.



QUESTION 6: BUSINESS VENTURES

6.1 Introduction

- Franchising is the right granted by a franchiser to franchisee to use a special business's name and brands. ✓
- Not all entrepreneurs are able to start their own businesses. ✓
- A contractual obligation of leasing is an agreement between the lesser and the lessee. ✓
- Any other relevant introduction related to franchising, leasing and contractual implications of leasing

Any (2x1) (2)

6.2 Advantages of franchising

- It allows businesses to buy a well-known brand which guarantees sales and good return ✓✓
- Purchasing a franchise is cheaper than starting a new business. ✓✓
- Franchising reduces long-term financial risk. ✓✓
- A business is based on a proven idea and the product and service are tried and tested. ✓✓
- A franchisee can get support from the franchisor, which often includes training, advice, and marketing. ✓✓
- Forms of financing that are not available to the public are often available to franchisees. ✓✓
- Purchasing a franchise could be cheaper than starting your own business. ✓✓
- Businesses are able to use a recognised brand name and registered trademark, which helps with advertising and marketing. ✓✓
- The systems/operations/goods and services are well established. ✓✓
- There is often access to group support from other franchisees and a network of communication and legal advice. ✓✓
- Established suppliers give bulk discounts as they form part of a larger group. ✓✓
- The marketing and advertising costs are shared so they are often lower than for a non-franchised business. ✓✓
- Management advice is often provided, so it is not necessary to be a business expert. ✓✓
- Any other relevant answer related to the advantages of franchising .

Max (12)

6.2 Reasons why entrepreneurs may decide to purchase an existing business

- Easier to raise finance ✓ if the business has a good history / image. ✓
- Immediate cash flow ✓ as there are already established customers. ✓
- Market research has already been done ✓ and there is an established customer base. ✓
- Distribution / Supply links / Staff / Network ✓ is / are already established. ✓
- A market for business products or services ✓ has already been established. ✓
- Existing employees and managers may have experience ✓ they can share. ✓
- Many business problems ✓ have already been solved. ✓
- Any other relevant answer related to the reasons why entrepreneurs may decide to purchase an existing business .

NOTE: Mark the first FIVE(5) only

Max (10)

6.4 Disadvantages of leasing

- The lessee does not ✓ own the asset. ✓
- The lessor has control ✓ over the financial obligation of the lessee. ✓
- Some leases require the lessee ✓ to maintain and repair the asset. ✓
- A large amount of money is spent on an asset every month, ✓ the total of which is a lot more than what the asset is worth. ✓
- Maintenance agreements are usually expensive ✓ and non-negotiable. ✓
- The agreement cannot be ended ✓ without a penalty. ✓
- The lessee is responsible for maintenance ✓ even though they do not own the item. ✓
- The total monthly cost ✓ can be increased. ✓
- The lessor may not be able to sell the asset after the lease if it has not been kept in good condition. ✓
- The lessor is committed to the contract ✓ and may not reclaim the asset before the lease expires. ✓
- The lessee is committed to the contract ✓ and may have to pay for the lease even if they have no further use for the item. ✓
- Any other relevant answer related to the disadvantages of leasing.

Max (12)

6.5 Contractual implications of leasing

- The lease agreement will indicate whether the lessee becomes the owner of the asset after the lease period for a fee or not. √√
- The following details must be stated on the lease agreement:
 - Names of the parties entering the lease agreement/contract.√√
 - Duration/Period of the lease.√√
 - Detailed description of what is being leased.√√
 - Conditions of renewal.√√
 - The monthly amount payable .√√
 - Any conditions such as deposits, insurance and security.√√
 - Details of how the instalment will be calculated.√√
 - Any specific conditions for renewing the lease at the end of the contract period.√√
 - The procedure and liability for legal costs if a dispute arises. √√
 - The procedure if the lessor or lessee become insolvent.√√
 - Detail of insurance, maintenance and restrictive use, up-front payment and instalments.√√
 - Any other relevant answer related to the contractual implications of leasing.

Max (12)

6.6 Conclusion

- A franchise enables prospective business persons to start their own business, but sell the products of a well- known business.√√
- Different range of franchise businesses creates huge revenue and employment. √√
- Any other relevant answer related to the reasons why entrepreneurs may decide to purchase an existing business, franchising, and leasing . .

Any (1 x 2) 2

[40]



BREAKDOWN OF MARKS

Details	Maximum	Total
Introduction	2	Max 32
Advantages of franchising	12	
Reasons for purchasing an existing business	10	
Disadvantages of leasing	12	
Contractual implications of leasing	12	
Conclusion	2	
INSIGHT		
Layout	2	Max 8
Analysis, interpretation	2	
Synthesis	2	
Originality/Examples	2	
TOTAL MARKS		40

LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirements are not met at all.

