



KWAZULU-NATAL PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA



**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

BUSINESS STUDIES

COMMON TEST

APRIL 2021

MARKS : 100

TIME : 1 1/2 Hours

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: THREE 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 A ... occurs when two companies join together and form one new business.

- A takeover
- B mergers
- C acquisitions
- D alliances

1.1.2 XYZ Construction Company produces concrete pallets and is classified as the ... sector.

- A informal
- B primary
- C economic
- D secondary

1.1.3 Any act of dishonesty such as bribery/collusions, etc is known as ...

- A mismanagement of funds
- B fraud
- C corruption
- D theft

1.1.4 The name of the ... company must end with the letters INC.

- A. personal liability
- B. partnership
- C. private
- D. public

1.1.5 The method whereby a business pays for the use of an asset is known as ...

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

(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.

workplace forum; patent; stamp; trade union; directors;
shareholders; copyright; lessor; trade mark; lessee

- 1.2.1 A ... is an employee organisation that focuses on improving working conditions.
- 1.2.2 A unique word/symbol/phrase used to identify manufacturers products is known as a ...
- 1.2.3 Knowles Snowman was granted an exclusive known as ... for his new invention of solar geysers.
- 1.2.4 A private company is managed by the board of ...
- 1.2.5. The ... is the person who owns the asset and lend it out for use at a price.
(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 List any TWO components of the macro environment. (2)

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

LOMBARD COSMETICS (LC)

Lombard Cosmetics vision and mission statements are not implemented in a way that shapes its internal environment. Gert, the CEO of the business also needs to be trained on some managerial aspects.

2.2.1 Identify any TWO challenges of the micro environment impacting on LC's operations. Support your answer by quoting from the scenario above. (6)

Use the table below as a GUIDE to answer QUESTION 2.1.1 above.

CHALLENGES OF THE MICRO ENVIRONMENT	MOTIVATIONS
1.	
2.	

2.3 Discuss the negative impact of piracy on businesses. (8)

2.4 Advise businesses on the relationship between the primary, secondary and tertiary sectors. (4)
[20]

QUESTION 3: BUSINESS VENTURES

3.1 Identify the form of ownership applicable in EACH statement below:

3.1.1 ABC Ltd listed its shares with the Johannesburg Securities Exchange (JSE). (2)

3.1.2 Eskom has the government as its major shareholder. (2)

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

SAMANTHA CREATIONS (SC)

Samantha Creations specialises in the manufacturing of ceramic tiles.
Samantha is the sole owner of the business and a hard working person.

3.2.1 Identify the form of ownership illustrated in the scenario above. (2)

3.2.2 Explain the disadvantages of the form of ownership identified in QUESTION 3.2.1 above. (6)

3.3 Discuss the advantages of Franchising. (4)

3.4 Advise businesses on the contractual implications of outsourcing. (4)
[20]

QUESTION 4: MISCELLANEOUS TOPICS**BUSINESS ENVIRONMENTS**

4.1 Outline the purpose of Labour Relations Act (LRA), 1995 (Act 66 of 1995). (4)

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

TOM THUMB MANUFACTURERS (TTM)

Tom Thumb Manufacturers specialises in the production of ballroom gowns. Recently, the management of TTM had to lockout some workers who stopped working due to salary disputes.

4.2.1 Identify the type of industrial action TTM employees embarked on from the scenario above. (2)

4.2.2 Elaborate on the meaning of the industrial action identified in QUESTION 4.2.1 above. (4)

BUSINESS VENTURES

4.3 Explain the advantages of leasing. (6)

4.4 Advise businesses on the aspects that should be included in a prospectus. (4)
[20]

TOTAL SECTION B: [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

Business operations are influenced by micro, market and macro environments. Businesses have full control over the components of micro environments and limited control over market environment. They also benefit from being involved in the macro environment.

Write an essay on business environments in which you include the following aspects.

- Outline the components of the micro environment.
- Explain why businesses have full control over the micro environment and less control over market environment.
- Discuss challenges of the market environment.
- Advise businesses on the benefits of being involved in the macro environment.

[40]

QUESTION 6: BUSINESS VENTURES (FORMS OF OWNERSHIP)

Nalini and Nana own a successful restaurant as partners known as "African Delights". After reviewing their financial statements, the partners have decided that they want to change to a new form of ownership with legal personality and limited liability. A business adviser has recommended that they should consider a private company as compared to a public company.

Write an essay on the forms of ownership in which you include the following aspects.

- Outline the disadvantages of a partnership.
- Discuss the advantages of a private company.
- Tabulate the differences between the private and public company.
- Advise Nalini and Nana on the disadvantages of a public company.



[40]

TOTAL SECTION C: [80]

TOTAL MARKS: [100]



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MARKING GUIDELINES

MARKS : 100

TIME : 1½ Hours

These marking guidelines consist of 18 pages.

NOTES TO MARKERS

1. 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 source
 - Original
 - A different approach is used

NOTE: SECTION A:

- There are no alternative answers.
 - Each question has only one correct answer.
2. 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.)
 3. The word 'sub-max' is used to facilitate the allocation of marks within a question or sub-question.
 4. 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.
 5. In an indirect question, the theory as well as the response must be relevant and related to the question.
 6. No additional credit must be given for repetition of facts. Indicate with an R.
 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 memo. Only the total for each question should appear in the left-hand margin next to the appropriate question number.

SECTION B

8.1 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 only applies to questions where the number of facts is specified.

8.2 If two facts are written in one sentence, award the candidate FULL credit.

Point 10.1 above still applies.

9. Where the number of facts are specified, questions that require: candidates to 'explain/discuss/ describe' will be marked as follows

- Heading 2 marks
- Explanation: 1 mark (or as indicated in the marking guideline).
- The 'heading' and 'explanation' are given separately to facilitate mark allocation.

10.2 If the number of facts is not specified, the candidate must be informed by the nature of the question and the maximum marks allocated

10.3 If candidates are required to provide their own examples/views, brainstorm this to come up with alternative answers

10.4 ONE mark will be awarded for answers that are easy to recall, requires one-word answers, or is quoted directly from scenario/case study. This applies to SECTIONS B and C in particular.

SECTION C

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

Introduction	Maximum: 32
Content	
Conclusion	
Insight	8
TOTAL	40

11.2 Insight consists of the following components:

Layout / structure:	Is there an introduction, body, proper paragraphs and a conclusion?	2
Analysis and interpretation	Learners' ability to break down the question/interpret it correctly to show understanding of what is being asked.	2
Synthesis	Are there relevant decisions/facts/responses made based on the questions? Marks to be allocated using this guide: No relevant facts: 0 (Two '-S') Some relevant facts: 1 (One '-S') Only relevant facts: 2 (Zero/No '-S') NB: 1. If no '-S' is indicated, award the maximum TWO (2) marks. 2. Where a candidate answers less than 50% of the question with relevant facts, one -S appears in the left margin, award a maximum of ONE (1) mark	
Originality:	Examples, recency of information, current trends and developments.	2
	TOTAL FOR INSIGHT:	8
	TOTAL MARKS FOR FACTS:	32
	TOTAL MARKS FOR ESSAY (8 + 32)	40

SECTION A

QUESTION 1

1.1

1.1.1 B ✓✓

1.1.2 D ✓✓

1.1.3 C ✓✓

1.1.4 A ✓✓

1.1.5 B ✓✓

(5 x 2) (10)

1.2

1.2.1 trade union ✓✓

1.2.2 trade mark ✓✓

1.2.3 patent ✓✓

1.2.4 directors ✓✓

1.2.5 lessor ✓✓

(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 Components of the macro environment

- Physical/Natural environment ✓
- Economic environment ✓
- Social/Cultural/Demographic environment ✓
- Technological environment ✓
- Legal/Political ✓
- Environmental/Global environment ✓
- Institutional environment ✓

NOTE: Mark the first two (2) components only

Any 2 x 1 (2)

2.2.1 Challenges of the market environment from the scenario

CHALLENGES OF THE MICRO ENVIRONMENT	MOTIVATIONS
1. Lack of vision and mission ✓✓	Lombard Cosmetics vision and mission statements are not implemented in a way that shapes its internal environment. ✓
2. Lack of adequate management skills ✓✓	Gert, the CEO of the business also needs to be trained on some managerial aspects ✓
Submax (4)	Submax (2)

Max

(6)

- NOTE:**
1. The answer does not have to be in tabular format.
 2. Award marks for challenges of the micro environment even if the quotes were incomplete.
 3. Do not award marks for the motivations if the challenges of the market environment were incorrectly identified.

2.3 Negative impact of piracy

- May lead to job losses ✓ that businesses will not be able to sustain. ✓
- Businesses lose sales and income ✓ which lead to cash flow problems ✓
- May cause damage ✓ to the image of the business ✓
- Businesses are reluctant to develop new talent ✓ due to the high risk involved ✓
- Businesses lose out ✓ on productivity and profits ✓
- Drives up the prices of products ✓ in order to compensate for the loss in sales ✓
- It can undermine the music / film industry ✓ as they lose money ✓
- Any other relevant answer related to the impact of piracy on businesses.

(8)

2.4 The relationship between the primary, secondary and tertiary sectors

- The secondary sector depends on the primary sector for raw materials and products✓✓
- The primary sector in turn depends on the secondary sector for manufactured goods, such as machinery /equipment / fertilisers✓✓
- The secondary sector processes the raw materials obtained from the primary sector into more useful products✓✓
- The primary sector is dependant on the tertiary sector for its customer needs✓✓
- The tertiary sector depends on the primary sector for raw materials that do not need processing by the secondary sector✓✓
- The secondary sector depends on the tertiary sector for a variety of services such as banking and insurance cover✓✓
- The tertiary sector depends on the secondary sector for manufactured goods, such as office machines /office furniture /stationery✓✓
- Any other relevant answer related to the relationship between the primary, secondary and tertiary sectors.

Max (4)

TOTAL: [20]

BREAKDOWN OF MARKS

QUESTION 2	MARKS
2.1	2
2.2.1	6
2.3	8
2.4	4
TOTAL	20

QUESTION 3: BUSINESS VENTURES

3.1.1 Public company ✓✓

3.1.2 State-owned company ✓✓

(4)

3.2.1 Sole trader/proprietor ✓✓

Max(2)

3.2.2 Disadvantages of sole trader/proprietor

- Cash flow is often a problem✓ which may lead to business failure✓
- Growth of business can be restricted✓ due to lack of capital✓
- Not a legal entity✓ and no continuity✓
- Difficult to attract✓ highly skilled and knowledgeable employees✓
- The owner is responsible✓ for providing all the capital needed✓
- If the owner does not have enough knowledge/experience✓ the business may fail✓
- The owner is responsible for all debts✓ incurred by the business.✓
- Any other relevant answer related to disadvantages of a sole trader/proprietor

Max (6)

3.3 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 disadvantages of franchising.

Max (4)



Max (4)

TOTAL: [20]

BREAKDOWN OF MARK ALLOCATION

3.1.1	2
3.1.2	2
3.2.1	2
3.2.2	6
3.3	4
3.4	4
TOTAL	20

QUESTION 4: MISCELLANEOUS

BUSINESS ENVIRONMENTS

4.1 Purpose of the Labour Relations

- Offers code of good practice. ✓✓
- Promotes fair employment practices. ✓✓
- Promotes resolution of labour disputes. ✓✓
- Deals with strikes and lockouts and workplace forums. ✓✓
- Outline the relationship between employees and employers. ✓✓
- Clarifies the transfer of contracts of employment procedures. ✓✓
- Regulates the rights of trade unions and facilitates collective bargaining. ✓✓
- Regulates the effectiveness of bargaining councils and statutory councils.
- Establishes Labour Courts and Labour Appeal Courts to deal with labour issues. ✓✓
- Any other relevant answer to the purpose of the Labour Relations Act

Max (4)

4.2 Types of industrial actions

4.2.1 Strike

(2)

4.2.2 Meaning of a strike

- A strike is when employees ✓ stop working completely. ✓
- Employees do not get paid ✓ for days spent on a strike. ✓
- Strikes represent the final stage of disputes / disagreements ✓ between management and employees. ✓
- The purpose of a strike is to force employers to agree ✓ to the demands of the workers ✓
- Any other relevant answer related to the meaning of a strike

Max (6)

BUSINESS VENTURES

4.3 Advantages of leasing

- The business gains the use of the asset with less initial expenditure ✓ than needed if the asset were purchased. ✓
- The business can acquire the latest technology ✓ without having to invest large amounts of capital. ✓
- The business does not have to carry the risk ✓ of expensive equipment becoming obsolete. ✓/The leased items are returned ✓ to the lessee at the end of the term of the lease. ✓
- For the lessee the lease payments ✓ are tax deductible. ✓
- Leasing improves the cash flow ✓ of the business. ✓
- Leasing is regarded as an expense to the lessee ✓ and therefore is not regarded as debt. ✓
- Leases are usually easier to obtain ✓ and have more flexible terms than loans for buying equipment. ✓
- The lessor normally covers ✓ the maintenance and replaces any damaged parts or equipment. ✓
- The asset can be returned ✓ to the lessor when it is no longer needed. ✓
- Makes budgeting and planning easier ✓ and it provides better control over cash flow. ✓
- Any other relevant answer related to the advantages of leasing.

Max(6)

4.4 Aspects that should be included in a prospectus

- Company overview, including the vision, mission and goals of a business ✓✓
- 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 ✓✓

**TOTAL: (4)
[20]**

BREAKDOWN OF MARK ALLOCATION

4.1	4
4.2.1	2
4.2.2	4
4.3.1	6
4.4	4
TOTAL	20

SECTION C

Mark only the First question answered in this Section.

QUESTION 5: BUSINESS ENVIRONMENTS

5.1 Introduction

- The micro environment consists of various components fully controlled by businesses. ✓
- Businesses have limited / no control over the challenges from the market and macro environments. ✓
- Businesses must identify challenges from the market environment and put control measures in place. ✓
- Many businesses benefit from getting involved in the macro environment. ✓
- Any other relevant introduction related to the components of micro / challenges of the market environment benefits of macro environment.

Any (2x1)(2)

5.2 Components of the Micro environment

- Vision and mission statement ✓✓
- Goals and objectives ✓✓
- Organizational culture ✓✓
- Organizational resources ✓✓
- Organizational structure ✓✓
- Business functions ✓✓
- Management and leadership ✓✓

Max (10)

5.3 Reasons why businesses have full control over the micro-environment

- Business owners and managers ✓ have a great deal of control over the internal/micro environment of business ✓, which covers day-to-day decisions ✓
- They choose the suppliers ✓ they purchase/which employees they hire/the products they sell ✓, and where they sell those products ✓
- They use their skills and resources ✓ to create goods and services ✓ that will satisfy existing and prospective customers ✓
- Accept any other relevant answer related to reasons why businesses have full control over the micro-environment.

Submax (6)

Reasons why businesses have limited control over the market environment.

- Market environment for a business includes ✓ company related influences ✓
- The market environment refers to influences ✓ that have an impact on the success ✓ in forming and keeping a sustainable business ✓ such as competition and suppliers ✓
- Businesses can influence their competitors ✓ by increasing the quality of their products ✓ in relation with competitor prices ✓

- The opposite can also be that suppliers' raw materials[✓] can influence the quality of business products[✓]
- Any other relevant answer related to reasons why businesses have limited control over the market environment.

Submax (6)
Max (12)

5.4 Challenges of the market environment

5.4.1 Shortages of supply ^{✓✓}

- Essential for a business to have a regular supply[✓] of all the materials that are inputs in the production process.[✓]
- Any shortage[✓] can have a seriously negative effect on production and profits.[✓]
- Dissatisfied customers can damage the reputation[✓] and threaten the future of the business.[✓]
- The business needs to plan and communicate[✓] well so that any change in goods and services needed is fulfilled on time.[✓]
- Any other relevant answer related to shortage of supply.

Challenge(2)
Explanation(2)
Submax. (4)

5.4.2 Strong competition ^{✓✓}

- Businesses which sell similar/substitute products[✓] pose a problem to/threaten the success of a business.[✓]
- Consumers will buy[✓] from the business where they get the most value for their money.[✓]
- If a business is not able to match the quality of service/products and the price of its competitors,[✓] it will be in real danger.[✓]
- Businesses could find that they are unable to make sufficient profit[✓] when the demand is not high enough to support the supply of the same goods/ services.[✓]
- The business must ensure that it differentiates itself from its competitors[✓] in order to gain a competitive advantage.[✓]
- The challenges around competitors can be industry rivalry where businesses aim to sell more than competitors,[✓] new entrants with better products/cheaper or better substitutes[✓]
- Businesses should be aware of competitors[✓] and their prices/influences/operation.[✓]
- Any other relevant answer related to strong competition.

Challenge(2)
Explanation(2)
Submax. (4)

5.4.3 Changes in consumer behaviour ^{✓✓}

- A business is dependent on its customers[✓] /to purchase its products.[✓]
- Consumers are influenced by many factors^{✓/} and are mostly unpredictable in their buying behaviour.[✓]
- Consumers' preferences and tastes can change^{✓/} as fashions change as technology advances.[✓]
- Changes in consumer behaviour, spending habits, tastes and preferences[✓] present an ongoing challenge to businesses.[✓]
- The challenges include keeping up with changes in consumer tastes and demand by doing research,[✓] finding ways to influence consumer demand /and /conducting /advertising /campaigns /and consumer surveys.[✓]

- Businesses should be aware of and understand changes in demand[✓] and the behavioural patterns of consumers and adjust accordingly.[✓]
- Any other relevant answer related to changes in consumer behaviour.

Challenge(2)
Explanation(2)
Submax. (4)

5.4.4 Demographics and psychographic ^{✓✓}

- Consumers' attitude, interest, opinions and lifestyle[✓] determine the characteristics of the consumer.[✓]
- It is difficult to determine the demographics/psychographics of the target market[✓] because they change frequently.[✓]
- Business should be aware of the diversity of the markets[✓] and the cultural and social influences on the choices people they make.[✓]
- The challenges include collecting/interpreting information about the target market[✓] and to use the data to develop a marketing strategy.[✓]
- Business need to study the attitudes, tastes and desires[✓] of the market.[✓]
- The demographics and psychographics can change quickly and businesses need to change just as quickly[✓] if they want to retain their customers.[✓]
- Any other relevant answer related to demographics and psychographic.

Challenge(2)
Explanation(2)
Submax. (4)

5.4.5 Socio-cultural factors ^{✓✓}

- Social-cultural factors describe the common behaviour and attitudes[✓] of a particular society.[✓]
- As society changes[✓] so will the cultural values and practices of individuals.[✓]
- Business must be aware of change[✓] and that they can avoid threats and take advantage of the new opportunities that the change may present.[✓]
- Business should be aware of social trends and influential campaigns[✓] that promote buying.[✓]
- The challenge is to gather information about changes[✓] and to respond to them by adapting practices to maintain and increase its customer base.[✓]
- Any other relevant answer related to socio-cultural factors.

Challenge(2)
Explanation(2)
Submax. (4)

Mark the first FOUR (4) only.

(4 x 4)
Max(16)

5.5 Benefits/advantages of involvement in macro environment

- The business can more accurately predict future events, threats and opportunities that may arise.^{✓✓}
- The business can contribute to a healthier, more skilled and productive workforce.^{✓✓}
- It can protect natural resources and meet consumer needs in a sustainable way.^{✓✓}
- The business can contribute to wealthier consumers.^{✓✓}
- Reduced industrial conflict and increase productivity.^{✓✓}
- The business can accurately promote a cause that is a concern to the society.^{✓✓}

- The business can contribute its expertise and resources that can influence the public opinion. ✓✓
- Any other relevant answers related to the benefit of involvement in macro environment **Max (8)**

5.6 Conclusion

- Businesses can influence the business environments in one way or the other, and need to take into consideration the components of the market environment. ✓✓
- Businesses must pay careful attention to challenges that are posed by market environment and devise strategies to overcome those challenges. ✓✓
- Businesses that get involved in macro environment may promote its image from the public and gain more support. ✓✓
- Any other relevant conclusion related to the components of micro / challenges of the market environment benefits of macro environment.

Any (1x2) (2)

QUESTION 5: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	Max 32
components of micro environment	10	
Reasons why businesses have more control over the micro environment/less control over market environment	12	
Challenges of the market environment	16	
Benefits/advantages of involvement in macro environment	8	
Conclusion	2	8
INSIGHT		
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

- Businesses must examine their current form of ownership in line with their future plans / growth prospects. ✓
- In a partnership partners are liable for debts of the business and their assets can be used to pay off the businesses debts.
- Private companies are suitable for individuals who wants to protect their private positions. ✓
- Any other relevant introduction relating to the disadvantages of a partnerships/ advantages of a private company / differences between private and public company / disadvantages of a public company.

Any (2x1) (2)

6.2 Disadvantages of a partnership

- No separate legal entity. ✓✓
- Partners are jointly and individually liable for the actions of the partners. ✓✓
- Profits must be shared with others. ✓✓
- Disagreements can occur because of shared decisions. ✓✓
- The partnership may have a limited life. ✓✓
- May end upon the withdrawal or death of a partner. ✓✓
- Any other relevant answer related to the disadvantages of a partnership.

Max (6)

6.3 Advantages of a private company

- The private company ✓ does have a separate legal entity. ✓
- There is continuity of existence ✓ if shareholders die/leave the company will continue ✓
- Shareholders have limited liability ✓ their assets cannot be used to pay of the company's debts ✓, they will only lose their initial capital invested ✓
- It is easy to raise capital ✓ by issuing more shares for sale ✓
- There is a greater efficiency of management ✓ has directors are highly skilled and qualified individuals ✓
- It is adaptable ✓ to both small and large business. ✓
- They are not required to file their annual financial statements ✓ with the Registrar of Companies. ✓
- Financial statements are not available ✓ to the general public. ✓
- All shareholders are directors ✓, so that there is less need to seek shareholder approval for certain board decisions. ✓
- Any other relevant answer related to the advantages of a private company.

Max (14)

6.4 Tabulate differences between private and public company

PRIVATE COMPANY	PUBLIC COMPANY
<ul style="list-style-type: none"> May not offer shares ✓ to the general public. ✓ 	<ul style="list-style-type: none"> Trades its shares publicly ✓ on the Johannesburg Securities Exchange. ✓
<ul style="list-style-type: none"> Name must end ✓ with Proprietary Limited/(Pty) Ltd. ✓ 	<ul style="list-style-type: none"> Name must end ✓ with Limited/Ltd. ✓
<ul style="list-style-type: none"> Financial statements must be independently reviewed ✓ but they need not be audited. ✓ 	<ul style="list-style-type: none"> Annual financial statements ✓ need to be audited. ✓
<ul style="list-style-type: none"> Does not need to publish a prospectus ✓ as it cannot trade its shares publicly. ✓ 	<ul style="list-style-type: none"> Have to register and publish ✓ a prospectus with the CIPRO. ✓
<ul style="list-style-type: none"> The company is not required to raise ✓ the minimum subscription/ issue minimum shares. ✓ 	<ul style="list-style-type: none"> Must raise a minimum subscription prior ✓ to commencement of the company. ✓
<ul style="list-style-type: none"> Any other relevant answer related to a private company. 	<ul style="list-style-type: none"> Any other relevant answer related to a public company
Sub max. (8)	Sub max. (8)

NOTE:

- The differences must be clear.
- Answers have to be in tabular format.

Max. (16)

6.5 Disadvantages of public company

- Costly for the company, has large amount of funds are spent on financial audits ✓✓
- A full report must be submitted to the major shareholders each year, this becomes time consuming for the company ✓✓
- Difficult and expensive to establish a public company as it is subjected to many legal requirements ✓✓
- Shareholders may be allowed little or no input into the affairs of the company depending on the type of shares purchased ✓✓
- Financial affairs must be shared with the public which could benefit the competitors' ✓✓
- A public company is compelled to hold annual general meeting for its shareholders ✓✓
- Directors fees increases the companies expenses and reduces profit. ✓✓
- Any other relevant answer related to disadvantages of a public company.

Max. (10)

6.6 Conclusion

- Private companies are able to raise capital more than the partnership. ✓✓

- Private companies are more sustainable in the future because of their unlimited continuity. ✓✓
- Any other relevant introduction related to the components of micro / challenges of the market environment benefits of macro environment.

Any (1x2) (2)

BREAKDOWN OF MARKS

Details	Maximum	Total
Introduction	2	Max 32
Disadvantages of partnership	6	
Advantages of private Company	14	
Tabulate differences between private and public company	16	
Disadvantages of public company	10	
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.